SCHOOL DISTRICT OF ELMBROOK
BROOKFIELD, WISCONSIN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Education
School District of Elmbrook
Brookfield, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District of Elmbrook'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Elmbrook'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 Elmbrook's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 56 through 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Elmbrook's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines,* issued by the Wisconsin Department of Administration are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal and state awards 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 , on our consideration of the School District of Elmbrook's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of Elmbrook'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 School District of Elmbrook's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Elmbrook Schools
become what's next

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

As management of the School District of Elmbrook, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of June 30, 2023 by $127,342,464 *(net position).*

As of June 30, 2023, unassigned fund balance for the general fund was $17,112,322 or approximately 15% of total general fund expenditures.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through use fees and charges (business-type activities). The governmental activities include the District's basic services, such as regular and special education and various support services. The District has no business-type activities.

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The district-wide financial statements can be found on pages 12 - 13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 - 18 of this report.

Fiduciary Funds. The District has custodial responsibilities to maintain funds held for the use of the private purpose trust fund. The District's fiduciary activities are reported in a separate statement of net position and changes in net position on pages 19-20 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21 - 53 of this report.

Required supplemental information. The District adopts an annual appropriated budget for all its governmental funds. As part of the required supplemental information, budgetary comparison schedules have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget. The budgetary comparison schedules and the pension and other post-employee benefit schedules can be found on pages 54 - 59.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 64 - 68.

District-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $120,906,291 as of June 30, 2023.

School District of Elmbrook's Net Position

	2023	2022
Current and other assets	$ 68,019,848	$ 87,121,911
Capital assets	94,402,975	96,504,625
Right-of-use assets	1,645,650	2,127,574
Total assets	164,068,473	185,754,110
Deferred outflows of resources		
Deferred charge on advance refunding	425,394	556,821
Pension plan	61,414,111	48,782,256
Other post-employment benefits	6,169	9,332
Total deferred outflows of resources	61,845,674	49,348,409
Long-term liabilities outstanding	27,448,072	40,927,564
Other liabilities	35,753,334	12,410,150
Total liabilities	63,201,406	53,337,714
Deferred inflows of resources		
Pension related amounts	35,368,165	60,736,122
Leases Receivable	2,112	122,392
Total deferred inflows of resources	35,370,277	60,858,514
Net position		
Net investment in capital assets	71,619,923	64,130,615
Restricted	6,268,845	31,481,245
Unrestricted	49,453,696	25,294,431
Total net position	$ 127,342,464	$ 120,906,291

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The District reported a net pension liability of $16,889,920 as of June 30, 2023 for its proportionate share of the Wisconsin Retirement System pension asset as of December 31, 2022, compared to a net pension asset of $25,784,602 for the prior year. Changes in the District's proportionate share are reported as deferred outflows and inflows and amortized over a period to time to net position. Additional information on the pension plan is reported in Note 2.E to the financial statements.

By far the largest portion of the District's net position (56%), reflects its investment in capital assets (e.g. land, building, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is

$49,453,696. The large change in net investment in plant and unrestricted is the disposal of capital assets in the current year due to ongoing remodeling projects, and the use of general fund resources for capital asset acquisition.

Net position. The below table shows the changes in net position for the fiscal years 2023 and 2022.

School District of Elmbrook Change in Net Position

	2023	2022
Revenues		
Program revenues		
Charges for services	$ 7,196,504	$ 5,547,368
Operating grants and contributions	16,679,475	18,707,392
General revenues		
Property taxes	77,748,591	84,692,832
Other taxes	4,798	10,043
Grants and contributions not restricted to specific programs	25,533,250	15,797,042
Other	1,845,238	1,608,600
Total Revenues	129,007,856	126,363,277
Expenses		
Instruction	70,352,594	58,571,394
Support services	46,222,347	41,064,948
Interest and fiscal charges	684,942	1,395,955
Community services	443,569	253,183
Non-program	4,868,231	4,585,731
Total expenses	122,571,683	105,871,211
Change in net position	6,436,173	20,492,066
Net position - July 1	120,906,291	100,414,225
Net position - June 30	$ 127,342,464	$ 120,906,291

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As shown, general revenues provide about 81% of the total funding. School District of Elmbrook relies on property taxes for 67% of its total funding. In the prior year, general revenues provided 81% of funding and 67% of funding was from property taxes. Overall, total revenues increased $2,644,579 or 2.1% over the prior year.

Expenses increased $16,700,472 or 16% over the prior year, primarily in non-program expenses.

Governmental Funds Analysis

As of June 30, 2023, the District's governmental funds reported combined ending fund balances of $51,743,100 an increase of $2,667,572 in comparison to the prior year. Approximately 33*% of this amount* ($17,112,322) constitutes *unassigned fund balance*, which is available for spending at the District's discretion. In addition, fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been restricted 1) for retirement of long-term debt ($1,823,976), 2) expendable gifts ($1,169,169), 3) food service ($1,894,306), 4) community services ($616,467), 5) capital projects ($897,780).

The general fund is the main operating fund of the District. At the end of the current year, unassigned fund balance of the general fund was $17,112,322. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Total fund balance represents 31% of the total general fund expenditures.

The fund balance of the District's general fund decreased by $2,625,338 during the current year while the final budget expected to break even. Overall, general fund revenues exceeded budget by $2,848,866 and general fund expenditures exceeded budget by $275,466. Transfers out were below budget by $275,466.

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Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities of June 30, 2023 amounts to $99,635,814 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and furniture and equipment, increased $4,990,875 during the year due to additions of $5,821,973 and disposals of $1,339,487. Construction work in progress totaled $1,339,487.

Long term debt. At the end of the current fiscal year, the District had a total general obligation debt outstanding of $26,410,000.

School District of Elmbrook's Outstanding Debt
General Obligation Debt

	2023	2022
General obligation debt		
Bonds	$ 24,540,000	$ 29,890,000
Notes	1,870,000	2,655,000
Total general obligation debt	$ 26,410,000	$ 32,545,000

The District's general obligation debt decreased by $6,135,000 during the current fiscal year.

The District maintains an AAA rating from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the District may issue to 10% of its total equalized valuation. The current debt limitation for the District is $1,071,420,938, which is significantly in excess of the District's $26,410,000 in outstanding general obligation debt.

Factors Bearing on the District's Future

Since the 2012-13 school year, the School District of Elmbrook has consistently seen gains in annual enrollment. This growth is happening in a time where the district is no longer accepting pupils through the State Integration Program and on a very rare case still accepting pupil through the Open Enrollment program. The majority of growth since this time is due to resident enrollment increasing over that same time period. A five-year financial planning process aligned to the District's five-year strategic planning process assists in making sound long-term decisions.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Assistant Superintendent for Business Services at (262) 781-3030.

Additional information about the District and its services can also be found on the District's website at http://www.elmbrookschools.org.

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BASIC FINANCIAL STATEMENTS

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SCHOOL DISTRICT OF ELMBROOK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Governmental Activities 2023
ASSETS	
Cash and Investments	$ 40,735,912
Receivables:	
Taxes	19,863,616
Accounts	145,618
Other	10,400
Due from Other Governments	3,194,583
Inventories and Prepaid Items	482,530
Capital Assets:	
Nondepreciable	3,587,189
Depreciable, Net	94,402,975
Right-of-use assets, net of amortization	1,645,650
Total Assets	164,068,473
DEFERRED OUTFLOWS OF RESOURCES	
Loss on Advance Refunding	425,394
Pension Related Amounts	61,414,111
Other Postemployment Related Amounts	6,169
Total Deferred Outflows of Resources	61,845,674
LIABILITIES	
Accounts Payable	1,906,912
Accrued and Other Current Liabilities	7,868,947
Accrued Interest Payable	152,005
Due to Other Governments	61,592
Unearned Revenues	197,438
Deposits Payable	1,246,930
Health and Dental Claims Payable	1,407,740
Long-Term Obligations:	
Due in One Year	6,774,492
Due in More than One Year	20,673,580
Other Postemployment Benefits Liability:	
Due in One Year	599,063
Due in More than One Year	5,422,787
Net Pension Liability	16,889,920
Total Liabilities	63,201,406
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	35,368,165
Other Postemployment Related Amounts	2,112
Total Deferred Inflows of Resources	35,370,277
NET POSITION	
Net Investment in Capital Assets	71,619,923
Restricted	
Community Service	616,467
Donations	1,169,169
Food Service	1,913,458
Debt Service	1,671,971
Capital Improvements	897,780
Unrestricted	49,453,696
Total Net Position	$ 127,342,464

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See accompanying Notes to Basic Financial Statements.

SCHOOL DISTRICT OF ELMBROOK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities 2023
GOVERNMENTAL ACTIVITIES				
Instruction:				
Regular Instruction	$ 48,637,600	$ 726,456	$ 3,844,108	$ (44,067,036)
Vocational Instruction	2,028,013	183	35,049	(1,992,781)
Special Education Instruction	14,049,779	1,324,408	5,954,235	(6,771,136)
Other Instruction	5,637,202	1,231,882	1,044,073	(3,361,247)
Total Instruction	70,352,594	3,282,929	10,877,465	(56,192,200)
Support Services:				
Pupil Services	6,252,041	230,517	1,386,814	(4,634,710)
Instructional Staff Services	6,516,691	134,712	2,894,601	(3,487,378)
General Administration Services	1,107,828	-	7,000	(1,100,828)
School Administration Services	4,556,012	177,556	30,909	(4,347,547)
Business Services	1,281,664	-	187	(1,281,477)
Operations and Maintenance of Plant	13,023,525	186,619	2,000	(12,834,906)
Pupil Transportation Services	5,298,547	262,938	211,997	(4,823,612)
Food Services	3,220,287	2,553,431	935,029	268,173
Central Services	1,011,286	14,498	-	(996,788)
Insurance	1,042,331	-	105,185	(937,146)
Other Support Services	2,912,135	-	25,700	(2,886,435)
Total Support Services	46,222,347	3,560,271	5,599,422	(37,062,654)
Community Services	443,569	-	-	(443,569)
Nonprogram:				
General Tuition Payments	2,101,888	-	16,274	(2,085,614)
Special Education Tuition Payments	1,392,612	-	-	(1,392,612)
Voucher Payments	1,002,099	-	-	(1,002,099)
Independent Charter Schools	342,768	-	-	(342,768)
Revenue Transits to Others	27,111	353,304	-	326,193
Adjustments and Refunds	1,753	-	186,314	184,561
Total Nonprogram	4,868,231	353,304	202,588	(4,312,339)
Interest and Fiscal Charges	684,940	-	-	(684,940)
Total Governmental Activities	$ 122,571,681	$ 7,196,504	$ 16,679,475	(98,695,702)
	GENERAL REVENUES			
	Property Taxes			77,748,591
	Other Taxes			4,798
	State and Federal Aids not Restricted to Specific Functions			25,533,250
	Interest and Investment Earnings			1,378,716
	Miscellaneous			466,520
	Total General Revenues			105,131,875
	CHANGE IN NET POSITION			6,436,173
	Net Position - July 1			120,906,291
	NET POSITION - JUNE 30			$ 127,342,464

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See accompanying Notes to Basic Financial Statements.

SCHOOL DISTRICT OF ELMBROOK
BALANCE SHEET — GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Long-Term Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and Investments	$ 24,580,383	$ 9,511,450	$ 6,644,079	$ 40,735,912
Receivables:				
Taxes	19,863,616	-	-	19,863,616
Accounts	145,618	-	-	145,618
Other	10,400	-	-	10,400
Due from Other Funds	-	2,300,000	-	2,300,000
Due from Other Governments	3,177,307	-	17,276	3,194,583
Inventories and Prepaid Items	463,378	-	19,152	482,530
Total Assets	$ 48,240,702	$ 11,811,450	$ 6,680,507	$ 66,732,659
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 675,097	$ 1,159,522	$ 72,293	$ 1,906,912
Accrued and Other Current Liabilities	7,852,196	-	16,751	7,868,947
Due to Other Funds	2,300,000	-	-	2,300,000
Due to Other Governments	61,592	-	-	61,592
Unearned Revenues	26,825	-	170,613	197,438
Deposits Payable	1,246,930	-	-	1,246,930
Health and Dental Claims Payable	1,407,740	-	-	1,407,740
Total Liabilities	13,570,380	1,159,522	259,657	14,989,559
FUND BALANCES				
Nonspendable	463,378	-	19,152	482,530
Restricted	-	-	6,401,698	6,401,698
Committed	2,200,000	-	-	2,200,000
Assigned	14,894,622	10,651,928	-	25,546,550
Unassigned	17,112,322	-	-	17,112,322
Total Fund Balances	34,670,322	10,651,928	6,420,850	51,743,100
Total Liabilities and Fund Balances	$ 48,240,702	$ 11,811,450	$ 6,680,507	$ 66,732,659

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See accompanying Notes to Basic Financial Statements.

SCHOOL DISTRICT OF ELMBROOK
RECONCILIATION TO THE STATEMENT OF NET POSITION —
GOVERNMENTAL FUNDS
JUNE 30, 2023

	2023
Total Fund Balances as Shown on Previous Page	$ 51,743,100
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	97,990,164
Right-of-use assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	1,645,650
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Loss on Advance Refunding	425,394
Deferred Outflows Related to Pensions	61,414,111
Deferred Inflows Related to Pensions	(35,368,165)
Deferred Outflows Related to Other Postemployment Benefits	6,169
Deferred Inflows Related to Other Postemployment Benefits	(2,112)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and Notes Payable	(26,410,000)
Premium on Debt	(142,893)
Lease Liability - Right-of-Use	(705,051)
Compensated Absences	(190,128)
Other Postemployment Benefits Liability	(6,021,850)
Net Pension Liability	(16,889,920)
Accrued Interest on Long-Term Obligations	(152,005)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see Page 12)	$ 127,342,464

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SCHOOL DISTRICT OF ELMBROOK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Long-Term Capital Projects	Other Governmental Funds	Totals
REVENUES				
Property Taxes	$ 69,820,921	$ -	$ 7,927,670	$ 77,748,591
Other Local Sources	2,952,370	340,177	4,818,391	8,110,938
Interdistrict Sources	2,549,724	-	-	2,549,724
Intermediate Sources	70,023	-	-	70,023
State Sources	32,398,496	-	42,640	32,441,136
Federal Sources	6,713,008	-	891,549	7,604,557
Other Sources	536,619	-	104,708	641,327
Total Revenues	115,041,161	340,177	13,784,958	129,166,296
EXPENDITURES				
Instruction:				
Regular Instruction	45,927,737	-	227,882	46,155,619
Vocational Instruction	1,911,877	-	-	1,911,877
Special Education Instruction	13,463,727	-	-	13,463,727
Other Instruction	3,898,367	-	1,564,870	5,463,237
Total Instruction	65,201,708	-	1,792,752	66,994,460
Support Services:				
Pupil Services	6,011,808	-	-	6,011,808
Instructional Staff Services	6,156,529	154,316	43,965	6,354,810
General Administration Services	1,069,677	-	-	1,069,677
School Administration Services	4,351,736	-	19,318	4,371,054
Business Services	1,237,219	-	2,128	1,239,347
Operations and Maintenance of Plant	10,554,392	2,493,444	743,424	13,791,260
Pupil Transportation Services	5,156,459	-	109,200	5,265,659
Food Services	-	-	3,227,737	3,227,737
Central Services	936,571	-	400	936,971
Insurance	1,000,940	10,570	27,679	1,039,189
Other Support Services	2,728,116	535,839	3,438	3,267,393
Total Support Services	39,203,447	3,194,169	4,177,289	46,574,905
Debt Service:				
Principal	513,691	-	6,135,000	6,648,691
Interest and Fiscal Charges	24,054	-	777,975	802,029
Total Debt Service	537,745	-	6,912,975	7,450,720
Community Service	-	-	443,569	443,569
Nonprogram:				
General Tuition Payments	2,101,888	-	-	2,101,888
Special Education Tuition Payments	1,392,612	-	-	1,392,612
Adjustments and Refunds	1,753	-	-	1,753
Voucher Payments	1,002,099	-	-	1,002,099
Independent Charter Schools	342,768	-	-	342,768
Revenue Transits to Others	315,612	-	8,397	324,009
Total Nonprogram	5,156,732	-	8,397	5,165,129
Total Expenditures	110,099,632	3,194,169	13,334,982	126,628,783

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SCHOOL DISTRICT OF ELMBROOK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	General	Long-Term Capital Projects	Other Governmental Funds	Totals
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,941,529	(2,853,992)	449,976	2,537,513
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	130,059	-	-	130,059
Transfers In	-	2,300,000	-	2,300,000
Transfers Out	(2,300,000)	-	-	(2,300,000)
Total Other Financing Sources (Uses)	(2,169,941)	2,300,000	-	130,059
NET CHANGE IN FUND BALANCES	2,771,588	(553,992)	449,976	2,667,572
Fund Balances - July 1	31,898,734	11,205,920	5,970,874	49,075,528
FUND BALANCES - JUNE 30	$ 34,670,322	$ 10,651,928	$ 6,420,850	$ 51,743,100

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SCHOOL DISTRICT OF ELMBROOK
RECONCILIATION TO THE STATEMENT OF ACTIVITIES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	2023
Net Change in Fund Balances as Shown on Previous Page	$ 2,667,572
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Assets Reported as Capital Outlay Reported in Governmental Fund Statements	6,265,229
Depreciation Expense Reported in the Statement of Activities	(4,665,005)
Amortization expense on right-of-use assets Reported in the Statement of Activities	(547,057)
Net Book Value of Disposals	(114,685)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal Repaid on long-term obligations	6,135,000
Principal Repaid on leases payable - right-of-use	513,691
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Accrued Interest on Long-Term Debt	118,756
Amortization of Premiums, Discounts, and Loss on Advance Refunding	(1,667)
Compensated Absences	14,310
Net Pension Asset (Liability)	(42,674,522)
Deferred Outflows of Resources Related to Pensions	12,631,855
Deferred Inflows of Resources Related to Pensions	25,367,957
Other Postemployment Benefits	730,014
Deferred Outflows of Resources Related to Other Postemployment Benefits	(3,163)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(2,112)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see Page 13)	$ 6,436,173

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See accompanying Notes to Basic Financial Statements.

SCHOOL DISTRICT OF ELMBROOK
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2023

	Employee Benefit Trust 2023
ASSETS	
Cash and Investments	$ 8,345,619
LIABILITIES	
Accounts Payable	2,496
Other Deposits Payable	8,060,514
Total Liabilities	8,063,010
NET POSITION	
Restricted	$ 282,609

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See accompanying Notes to Basic Financial Statements.

SCHOOL DISTRICT OF ELMBROOK
STATEMENTS OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023

	Employee Benefit Trust 2023
ADDITIONS	
Contributions:	
Employer	$ 1,416,307
Other Sources	138,674
Investment Earnings	10,165
Total Additions	1,565,146
DEDUCTIONS	
Trust Fund Disbursements	1,611,730
CHANGE IN NET POSITION	(46,584)
Net Position - July 1	329,193
NET POSITION - JUNE 30	$ 282,609

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See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School District of Elmbrook, Brookfield, Wisconsin (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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:

A. Reporting Entity

The District is organized as a common school district. The District, governed by an elected seven member board, operates grades K through 12 and is comprised of all or parts of four taxing districts.

In accordance with U.S. GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are primarily supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Long Term Capital Project Fund – used to account for future capital improvements approved by the long-term capital improvement plan at the district

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. District-Wide and Fund Financial Statements (Continued)

The District reports the following nonmajor governmental funds:

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

Donations Fund
Food Service Fund
Community Service Fund

Capital Project Fund – used to account for future capital improvements at the district.

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

Additionally, the District reports the following fund types:

- The employee benefit trust fund is a fiduciary fund used to account for resources legally held in trust for other postemployment benefits.

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C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes

The aggregate District tax levy is apportioned and certified in November 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 must be paid in full or in 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 is 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 fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for nonpayment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year-end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements.

5. Inventories and Prepaid Items

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased. Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the period benefited.

Inventories and prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

6. Capital Assets

Capital assets, which include property, plant, furnishings, and equipment, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of $5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Capital Assets (Continued)

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Site Improvements	20
Buildings	45
Furniture and Equipment	5 - 20
Computer and Related Technology	5

7. Compensated Absences

The District allows employees to earn vacation pay for each year employed in accordance with District policies. Upon retirement or termination of employment, the employee is entitled to use accumulated vacation days until the vested amount is exhausted. All vacation and sick leave is accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

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8. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

10. Leases

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87 – *Leases*, if the lease is a financed purchased or a right to use lease liability. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the District capital assets as land, land improvements, buildings and improvements or furniture and equipment.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to use lease asset is amortized on a straight line basis over the life of the lease. The intangible right-to use lease asset is reported with the District capital assets in its own category called Leased Assets (Right to Use).

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

The District monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease.

11. Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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12. Other Postemployment Benefits Other Than Pensions (OPEB)

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

13. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. Contributions to this plan are entirely from the employee voluntary contributions. The District makes no employer contributions to this plan.

14. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

14. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Nonspendable Fund Balance**. Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance**. Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.
- The District has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.
- **District-Wide Financial Statements**

  Equity is classified as net position and displayed in three components:
  - **Net Investment in Capital Assets**. Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
  - **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
  - **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

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

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the fiduciary fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state, and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized user Wisconsin Statute 881.01, “Uniform Prudent Investor Act”.

The carrying amount of the District’s cash and investments totaled $49,081,531 on June 30, 2023 as summarized below:

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Petty Cash and Cash on Hand	$	4,205
Deposits with Financial Institutions		1,096,217
Investments:		
Fixed Interest Annuities		8,060,649
Wisconsin Investment Cooperative Series		39,920,202
Wisconsin Local Government Investment Pool		258
Total	$	49,081,531

Reconciliation to the Basic Financial Statements:

Cash and Investments	$	40,735,912
Fiduciary Fund Statement of Net Position:		
Private Purpose Trust		8,345,619
Total	$	49,081,531

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District currently has no investments that are subject to fair value measurement.

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District’s deposits and investments and the related risks.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for the combined amount of all time and savings deposits and $250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of $250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of $400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2023, none of the District's deposits with financial institutions were in excess of federal and state depository insurance limits.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Wisconsin Investment Series Cooperative	$ 39,920,202	$ -	$ -	$ -	$ 39,920,202
Wisconsin Local Government Investment Pool	258	-	-	-	258
Totals	$ 39,920,460	$ -	$ -	$ -	$ 39,920,460

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District 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. As of June 30, 2021, the Wisconsin local government investment pool had a weighted average maturity of 74 days.

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

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		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Investment Series Cooperative	$ 39,920,202	$ 39,920,202	$ -	$ -	$ -
Wisconsin Local Government Investment Pool	258	258	-	-	-
Totals	$ 39,920,460	$ 39,920,460	$ -	$ -	$ -

Investments

The District has established an employee benefit trust fund to pay HRA benefits. The trust has $8,060,649 invested in the fixed interest annuities with American United Life Insurance Company ® (AUL), a OneAmerica® company. These fixed interest annuities are backed by AUL's general account assets and carried at amortized cost. AUL bears the investment risk for the AUL Fixed Interest Account values and for paying interest.

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of $39,920,202 at year-end consisting of $15,205,607 invested in the Cash Management Series and $24,714,595 invested in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less. The Investment Series and Cash Management Series have received a credit rating of AAA by a nationally recognized statistical rating organization.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Investment Series Cooperation (Continued)

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperate Statute, Wisconsin Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of $258 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2023, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	$ 1,981,306	$ -	$ -	$ 1,981,306
Construction in Progress	1,097,494	1,605,883	1,097,494	1,605,883
Total Capital Assets, Nondepreciable	3,078,800	1,605,883	1,097,494	3,587,189
Capital Assets, Depreciable:				
Buildings and Improvements	155,670,505	5,086,936	470,565	160,286,876
Furniture and Equipment	7,518,106	669,904	811,163	7,376,847
Leased Assets (Right of Use)	2,692,137	65,133	57,759	2,699,511
Subtotals	165,880,748	5,821,973	1,339,487	170,363,234
Less: Accumulated Depreciation				
Buildings and Improvements	64,368,696	4,334,169	418,929	68,283,936
Machinery and Equipment	5,394,090	330,836	748,114	4,976,812
Leased Assets (Right of Use)	564,563	547,057	57,759	1,053,861
Subtotals	70,327,349	5,212,062	1,224,802	74,314,609
Total Capital Assets, Depreciable, Net	95,553,399	609,911	114,685	96,048,625
Governmental Activities Capital Assets, Net	$ 98,632,199	$ 2,215,794	$ 1,212,179	99,635,814
Less: Capital Related Debt				26,410,000
Less: Right-of-Use Lease Payable				705,051
Less: Capital and Retainage Payable				1,183,341
Less: Debt Premium				142,893
Add: Loss on Advance Refunding				425,394
Net Investment in Capital Assets				$ 71,619,923

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Amortization and depreciation expense was charged to functions of the District as follows:

	Depreciation	Amortization	Total
Governmental Activities			
Regular Instruction	$ 2,734	$ 456,977	$ 459,711
Vocational Instruction	21,747	-	21,747
Special education instruction	-	4,863	4,863
Other Instruction	5,569	-	5,569
Instructional Staff Services	13,905	-	13,905
School Administration Services	5,523	21,886	27,409
Business Services	367	-	367
Operations and Maintenance of Plant	4,517,829	21,104	4,538,933
Pupil Transportation Services	18,260	-	18,260
Food Services	33,667	-	33,667
Central Services	37,823	-	37,823
Other support services	7,581	42,227	49,808
Total Depreciation and Amortization Expense - Governmental Activities	$ 4,665,005	$ 547,057	$ 5,212,062

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C. Interfund Transactions

Interfund transfers for the year ended June 30, 2023 were as follows:

Fund	Transfer In	Transfer Out
General	$ -	$ 2,300,000
Long-Term Capital Projects	2,300,000	-
Total	$ 2,300,000	$ 2,300,000

Interfund transfers were made for the following purposes:

Transfer from General Fund for future capital improvements	$ 2,300,000

The above interfund transfer is included as a due from other funds in the Long-Term Capital Projects Fund and a due to other funds in the General Fund as of June 30, 2023.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Short- Term Obligations

The district issued a tax anticipation note in advance of property tax collections. The note is needed as District expenses begin in July whereas tax collections are not received until January. Short-term debt activity for the year ended June 30, 2023 was as follows:

	Outstanding 7/1/22	Issued	Retired	Outstanding 6/30/23
Tax and revenue anticipation notes	$ -	$ 3,500,000	$ 3,500,000	$ -

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2023:

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	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt					
Bonds	$ 29,890,000	$ -	$ 5,350,000	$ 24,540,000	$ 5,460,000
Notes	2,655,000	-	785,000	1,870,000	805,000
Total General Obligation Debt	32,545,000	-	6,135,000	26,410,000	6,265,000
Debt Premium	272,653	-	129,760	142,893	-
Lease Liability - Right to Use	1,153,609	65,133	513,691	705,051	319,364
Compensated Absences	204,438	-	14,310	190,128	190,128
Governmental Activities Long-Term Obligations	$ 34,175,700	$ 65,133	$ 6,792,761	$ 27,448,072	$ 6,774,492

Total interest paid during the year on long-term debt totaled $773,293.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/22
General Obligation Notes	05/03/16	05/03/24	1.50% - 2.00%	2,375,000	$ 470,000
General Obligation Notes	04/10/17	04/10/27	1.50% -2.00%	3,235,000	1,400,000
General Obligation Bonds	02/15/11	02/15/24	5.25%	2,115,000	960,000
General Obligation Bonds	06/18/15	06/18/28	2.00% - 2.75%	4,550,000	4,245,000
General Obligation Bonds	05/13/16	05/03/27	1.50% - 2.00%	7,620,000	7,030,000
General Obligation Bonds	04/10/17	04/10/24	2.00% - 2.50%	6,760,000	1,235,000
General Obligation Bonds	02/02/22	04/01/25	1.00% - 4.00%	4,165,000	2,295,000
General Obligation Bonds	02/02/22	04/01/28	1.00% - 1.70%	8,910,000	8,775,000
Total Outstanding General Obligation Debt					$ 26,410,000

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Long-Term Obligations (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of $26,410,000 on June 30, 2023 are detailed below:

	Governmental Activities		
Year Ended June 30,	Principal	Interest	Total
2024	$ 6,265,000	$ 645,454	$ 6,910,454
2025	5,025,000	387,728	5,412,728
2026	5,120,000	291,701	5,411,701
2027	5,220,000	209,943	5,429,943
2028	4,780,000	109,820	4,889,820
Total	$ 26,410,000	$ 1,644,646	$ 28,054,646

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

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Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2023 was $1,045,010,938 as follows:

Equalized Valuation of the District	$ 10,714,209,378
Statutory Limitation Percentage	(x) 10%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	1,071,420,938
Less: Current GO Debt	26,410,000
Legal Margin for New Debt	$ 1,045,010,938

Qualified School Construction Bonds (QSCB)

The District issued $2,115,000 Qualified School Construction Bonds (QSCB) dated February 11, 2011. The QSCB program, created by the American Recovery and Reinvestment Act (Recovery Act), rebates interest costs associated with financing school renovations and new construction. While the District expects the QSCB program to continue, future changes in the law may reduce or eliminate these credits. The District received $104,708 from the United States Treasury during the year ended June 30, 2023.

F. Leases

During the current year, the District entered into one new right-to-use lease arrangement for vehicles. An initial lease liability was recorded in the amount of $65,133 during the current fiscal year. The District is required to make various principal and interest payments. The District used the incremental borrowing rate as the interest rate for the right-to-use asset agreements if an interest rate was not provided in the lease agreement.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Leases (Continued)

The District leases land improvements, buildings, vehicles and various equipment under long-term non-cancelable leases. The future minimum lease payments for these agreements are as follows:

	Governmental Activities		
Year Ended June 30,	Principal	Interest	Total
2024	$ 319,364	$ 10,982	$ 330,346
2025	103,672	6,480	110,152
2026	22,492	5,325	27,817
2027	7,971	5,118	13,089
2028	8,478	4,954	13,432
2029-2033	50,695	21,932	72,627
2034-2038	66,546	16,107	82,653
2039-2043	85,516	8,547	94,063
2044-2048	40,317	851	41,168
Total	$ 705,051	$ 80,296	$ 785,347

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These lease agreements qualify as right-to-use assets for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the date of their inception. The assets acquired through right-to-use asset lease agreements are as follows:

	Governmental Activities
Right-to-Use Assets:	
Leased Asset - Land Improvements	$ 1,352,075
Leased Asset - Buildings	944,900
Leased Asset - Vehicles	65,133
Leased Asset - Equipment	337,403
Subtotal	2,699,511
Less: Accumulated Amortization	(1,053,861)
Total	1,645,650

G. Pension Plan

WRS Pension 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.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

WRS Pension Plan Description

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.

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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

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

"floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year Ending June 30,	Core Fund Adjustment	Variable Fund Adjustment
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21.0
2021	5.1	13
2022	7.4	15

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Contributions

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

During the reporting period ending June 30, 2023 the WRS recognized $3,909,790 in contributions from the District.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teachers, Executives and Elected Officials)	6.80%	6.80%

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

At June 30, 2023, the District reported a liability of $16,889,920 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Contributions (Continued)

At December 31, 2022, the District's proportion was 0.31881587%, which was a decrease of 0.00108505% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized a pension expense of $8,586,938

At June 30, 2023, 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	$ 26,900,409	$ 35,341,098
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	28,692,076	-
Changes in Assumptions	3,321,257	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	54,190	27,067
Employer Contributions Subsequent to the Measurement Date	2,446,179	-
Total	$ 61,414,111	$ 35,368,165

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

The $2,446,179 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Expense
2024	$ 974,710
2025	4,889,639
2026	5,019,992
2027	12,715,426
Total	$ 23,599,767

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability:	December 31, 2022
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%

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**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 post-retirement discount rate.*

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

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (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 geometric real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class			
Public Equity	48.0%	7.6%	5.0%
Public Fixed Income	25.0	5.3%	2.7%
Inflation Sensitive Assets	19.0	3.6%	1.1%
Real Estate	8.0	5.2%	2.6%
Private Equity/Debt	15.0	9.6%	6.9%
Cash	-15.0	N/A	N/A
Total Core Fund	100.0%	7.4%	4.8%
Variable Fund Asset Class			
U.S. Equities	70.0%	7.2%	4.6%
International Equities	30.0	8.1%	5.5%
Total Variable Fund	100.0%	7.7%	5.1%

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

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

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

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability, for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 4.05% (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, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) 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)	$ 56,057,095	$ 16,889,920	$ (10,053,736)

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.

Payable to the Pension Plan

The District reported a payable of $1,057,181 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2023.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health and life insurance plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage and life insurance coverage through the District's group plan. District paid medical benefits and life insurance coverage are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

The District shall make contributions to individual HRA accounts based upon years of service or pay 75% of the medical premium for the retiree. The District will provide life insurance coverage for eligible employees.

Employees Covered by Benefit Terms

At January 1, 2022, the following plan participants were covered by the benefit terms:

Retirees (Medical)	64
Retirees (Life Insurance)	577
Active Employees (Participants in Tier 1)	31
Total	672

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The actuary assumed no material changes in the participant data between January 1, 2022 and July 1, 2021 (actuarial valuation date).

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Eligibility Requirements and Benefits

Teacher	Age & Years of Service eligibility	52 years old by August 31, 2015; 10 years service
		Up to 5 years health insurance ending at age 65- retiree pays 25% of premium rate. All staff that are 59 have choose to retire w/ 5 yrs of district health insurance or payment of $12,000 in HRA for up to 5 yrs or age 65 to max of $60,000. For those not age 59 after the 5 yrs, at end of year that staff turns 59 yrs old and has 17 years of service they must choose retirement option, once chosen cannot change.
	Benefit retirement eligibility	Age 59 and 17 years of Elmbrook experience
Administrator	Age & Years of Service eligibility	52 years old by August 31, 2015; 10 years service
		Up to 5 years health insurance ending at age 65- retiree pays 25% of premium rate. All staff that are 59 have choose to retire w/ 5 yrs of district health insurance or payment of $12,000 in HRA for up to 5 yrs or age 65 to max of $60,000. For those not age 59 after the 5 yrs, at end of year that staff turns 59 yrs old and has 17 years of service they must choose retirement option, once chosen cannot change.
	Benefit retirement eligibility	Age 59 and 17 years of Elmbrook experience
Special Category - Leadership	Age & Years of Service eligibility	52 years old by August 31, 2015; 10 years service
		Up to 5 years health insurance ending at age 65- retiree pays 25% of premium rate. All staff that are 59 have choose to retire w/ 5 yrs of district health insurance or payment of $12,000 in HRA for up to 5 yrs or age 65 to max of $60,000. For those not age 59 after the 5 yrs, at end of year that staff turns 59 yrs old and has 17 years of service they must choose retirement option, once chosen cannot change.
	Benefit retirement eligibility	Age 59 and 17 years of Elmbrook experience
Special Category - Confidential	Age & Years of Service eligibility	52 years old by August 31, 2015; 10 years service
		Up to 5 years health insurance ending at age 65- retiree pays 25% of premium rate. All staff that are 59 have choose to retire w/ 5 yrs of district health insurance or payment of $12,000 in HRA for up to 5 yrs or age 65 to max of $60,000. For those not age 59 after the 5 yrs, at end of year that staff turns 59 yrs old and has 17 years of service they must choose retirement option, once chosen cannot change.
	Benefit retirement eligibility	Age 59 and 17 years of Elmbrook experience
Support/ Other	Age & Years of Service eligibility	52 years old by August 31, 2015; 10 years service
		Up to 5 years health insurance ending at age 65- retiree pays 25% of premium rate. All staff that are 59 have choose to retire w/ 5 yrs of district health insurance or payment of $12,000 in HRA for up to 5 yrs or age 65 to max of $60,000. For those not age 59 after the 5 yrs, at end of year that staff turns 59 yrs old and has 17 years of service they must choose retirement option, once chosen cannot change.
	Benefit retirement eligibility	Age 59 and 17 years of Elmbrook experience
The District shall provide eligible retirees life insurance coverage at the employees' last salary level to age 65. The percent of coverage will drop to 75% at age 65, 50% at age 66 and 25% or ages 67 and older. This benefit is only available to participants who retired prior to July 1, 2014. No dental benefits are provided for future retirees.		

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Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021 rolled forward to the measurement date.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 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, 2021
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:	3.65%
Investment Rate of Return:	2.75%
Healthcare Cost Trend Rates:	2021 - 6.30% 2022 - 6.30% 2023 - 7.10% 2024 - 6.90% Decreasing to an Ultimate Rate of 3.70%

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Mortality rates are based on the Wisconsin 2020 Mortality Table as the base table with and project future improvements with 2021 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, 2021 valuation were based on the "Wisconsin Retirement System 2018 - 2020 Experience Study" that covered a three-year period from January 1, 2018 to December 31, 2020.

The long-term expected rate of return on OPEB plan investments was valued at 2.75%. 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 3.65% represents the 20-Year GO Index from Bond Buyer at the measurement date of June 30, 2023.

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2022	$ 7,081,058	$ 329,194	$ 6,751,864
Changes for the Year:			
Service Cost	31,196	-	31,196
Interest	230,203	-	230,203
Differences Between Expected and Actual Experience	206,247	-	206,247
Effect of Changes in Assumptions	(14,907)	-	(14,907)
Contributions - Employer	-	818,276	(818,276)
Contributions - Retiree	-	215,640	(215,640)
Net Investment Income	-	10,165	(10,165)
Other Income	-	138,672	(138,672)
Benefit Payments	(1,229,339)	(1,229,339)	-
Net Changes	(776,600)	(46,586)	(730,014)
Balance at June 30, 2023	$ 6,304,458	$ 282,608	$ 6,021,850

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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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease to Discount Rate (2.65%)	Current Discount Rate (3.65%)	1% Increase to Discount Rate (4.65%)
Net OPEB Liability	$ 6,568,521	$ 6,021,850	$ 5,554,984

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 (5.6%)	Healthcare Cost Trend Rates (6.6%)	1% Increase (7.6%)
Net OPEB Liability	$ 5,987,029	$ 6,021,850	$ 6,057,488

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.

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Investment Policy and Assumed Asset Allocation

Investments

The Plan does not have a separate investment policy from the District. At June 30, 2023, 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, 2023 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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 3.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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%	0.51%	0.49%
Assumed Inflation - Mean		2.32%	2.32%
Portfolio Real Mean Return		0.51%	0.49%
Portfolio Nominal Mean Return		2.83%	2.82%
Portfolio Standard Deviation		1.10%	1.10%
Long-term Expected Rate of Return			2.75%

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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
Differences between expected and actual experience		
Changes in assumptions	$ -	$ -
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	(2,112)	6,169
District contributions subsequent to the measurement date	-	-
Total	$ (2,112)	$ 6,169

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:

Year Ended June 30,	Expense
2024	$ 2,216
2025	1,712
2026	657
2027	(528)
Total	$ 4,057

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, 2023, nonspendable fund balance was as follows:

	General	Food Service Special Revenue
Nonspendable		
Inventories and Prepaid Items	$ 463,378	$ 19,152

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, 2023, restricted fund balance was as follows:

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Special Revenue Funds:	
Restricted for:	
Community Service	$ 616,467
Expendable Gifts	1,169,169
Food Service	1,894,306
Capital Projects Funds:	
Restricted for:	
Capital Projects	897,780
Debt Service Funds:	
Restricted for:	
Debt Service	1,823,976
Total Restricted Fund Balance	$ 6,401,698

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, 2023, fund balance was committed as follows:

General Fund:	
Committed for:	
Self-Funded Health Insurance	$ 1,900,000
Health Reimbursement Obligations	300,000
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, 2023, fund balance was assigned as follows:

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General Fund:	
Assigned for:	
Common School Fund	$ 31,930
Capital Projects	14,862,692
Total	14,894,622
Long-Term Capital Projects	
Assigned for subsequent year's expenditures	10,651,928
Total	$ 25,546,550

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 2023-2024 Expenditures (Less Transfers)	$ 117,171,330
Minimum Fund Balance %	(x) 15%
Minimum Fund Balance Amount	$ 17,575,700

The District's unassigned General Fund balance as of June 30, 2023 was $17,112,322.

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.

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Self-funded Insurance Program (Continued)

At June 30, 2023, 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, 2022 and June 30, 2023 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2022	$ 918,980	$ 10,847,680	$ 10,767,130	$ 999,530
2023	999,530	13,769,316	13,361,106	1,407,740

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.

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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

REQUIRED SUPPLEMENTARY INFORMATION

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SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property Taxes	$ 69,820,921	$ 69,820,921	$ 69,820,921	$ -
Other Local Sources	2,095,908	2,095,908	2,952,370	856,462
Interdistrict Sources	1,114,018	1,114,018	1,113,086	(932)
Intermediate Sources	19,104	19,104	63,890	44,786
State Sources	26,878,521	26,878,521	27,182,289	303,768
Federal Sources	3,099,128	3,099,128	4,471,906	1,372,778
Other Sources	245,000	245,000	517,004	272,004
Total Revenues	103,272,600	103,272,600	106,121,466	2,848,866
EXPENDITURES				
Instruction:				
Regular Instruction	45,371,717	45,371,717	45,927,737	(556,020)
Vocational Instruction	1,917,416	1,917,416	1,911,877	5,539
Other Instruction	3,997,500	3,997,500	3,898,367	99,133
Total Instruction	51,286,633	51,286,633	51,737,981	(451,348)
Support Services:				
Pupil Services	3,346,166	3,346,166	3,476,757	(130,591)
Instructional Staff Services	5,489,555	5,489,555	5,338,273	151,282
General Administration Services	969,759	969,759	1,043,711	(73,952)
School Administration Services	4,296,262	4,296,262	4,311,332	(15,070)
Business Services	1,394,539	1,394,539	1,226,502	168,037
Operations and Maintenance of Plant	10,589,364	10,589,364	10,332,017	257,347
Pupil Transportation Services	5,258,865	5,258,865	4,371,139	887,726
Central Services	917,786	917,786	926,550	(8,764)
Insurance	742,450	742,450	871,152	(128,702)
Other Support Services	1,943,484	1,943,484	2,728,116	(784,632)
Total Support Services	34,948,230	34,948,230	34,625,549	322,681
Debt Service:				
Principal	-	-	510,479	(510,479)
Interest and Fiscal Charges	5,000	5,000	23,939	(18,939)
Total Debt Service	5,000	5,000	534,418	(529,418)
Nonprogram:				
General Tuition Payments	2,251,667	2,251,667	2,101,888	149,779
Adjustments and Refunds	10,000	10,000	1,753	8,247
Voucher Payments	1,002,938	1,002,938	1,002,099	839
Independent Charter Schools	361,296	361,296	342,768	18,528
Revenue Transits to Others	25,000	25,000	27,111	(2,111)
Total Nonprogram	3,650,901	3,650,901	3,475,619	175,282
Total Expenditures	89,890,764	89,890,764	90,373,567	(482,803)
EXCESS OF REVENUES OVER EXPENDITURES	13,381,836	13,381,836	15,747,899	2,366,063
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	130,059	130,059
Transfers Out	(13,381,836)	(13,381,836)	(13,106,370)	275,466
Total Other Financing Sources (Uses)	(13,381,836)	(13,381,836)	(12,976,311)	405,525
NET CHANGE IN FUND BALANCE	-	-	2,771,588	2,771,588
Fund Balance - July 1	31,898,734	31,898,734	31,898,734	-
FUND BALANCE - JUNE 30	$ 31,898,734	$ 31,898,734	$ 34,670,322	$ 2,771,588

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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, 2023

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interdistrict Sources	$ 1,549,230	$ 1,549,230	$ 1,436,638	$ (112,592)
Intermediate Sources	5,000	5,000	6,133	1,133
State Sources	4,902,264	4,902,264	5,216,207	313,943
Federal Sources	2,347,576	2,347,576	2,241,102	(106,474)
Other Sources	9,660	9,660	19,615	9,955
Total Revenues	8,813,730	8,813,730	8,919,695	105,965
EXPENDITURES				
Instruction:				
Special Education Instruction	13,862,407	13,862,407	13,463,727	398,680
Support Services:				
Pupil Services	2,467,706	2,467,706	2,535,051	(67,345)
Instructional Staff Services	942,039	942,039	818,256	123,783
General Administration Services	5,000	5,000	25,966	(20,966)
School Administration Services	38,765	38,765	40,404	(1,639)
Business Services	10,883	10,883	10,717	166
Operation and Maintenance of Plant	237,986	237,986	222,375	15,611
Pupil Transportation Services	749,055	749,055	785,320	(36,265)
Central Services	10,300	10,300	10,021	279
Insurance	135,002	135,002	129,788	5,214
Total Support Services	4,596,736	4,596,736	4,577,898	18,838
Debt Service:				
Principal	11,491	11,491	3,212	8,279
Interest and Fiscal Charges	-	-	115	(115)
Total Debt Service	11,491	11,491	3,327	8,164
Nonprogram:				
Special Education Tuition Payments	1,148,830	1,148,830	1,392,612	(243,782)
Revenue Transits to Others	276,102	276,102	288,501	(12,399)
Total Nonprogram	1,424,932	1,424,932	1,681,113	(256,181)
Total Expenditures	19,895,566	19,895,566	19,726,065	169,501
Excess of Revenues Under Expenditures	(11,081,836)	(11,081,836)	(10,806,370)	275,466
OTHER FINANCING SOURCES				
Transfers In	11,081,836	11,081,836	10,806,370	(275,466)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - July 1	-	-	-	-
FUND BALANCE - JUNE 30	$ -	$ -	$ -	$ -

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	$ 31,196	$ 58,960	$ 57,348	$ 63,685	$ 50,978	$ 51,150	$ 104,273
Interest	230,203	169,473	192,543	252,881	318,972	240,053	250,147
Differences Between Expected and Actual Experience	206,247	750,404	50,998	1,702,041	(86,344)	2,972,273	-
Changes of Assumptions	(14,907)	(1,131,540)	36,446	975,847	216,447	(191,458)	(539,715)
Benefit Payments	(1,229,339)	(1,100,543)	(1,308,896)	(1,685,657)	(1,375,285)	(1,693,010)	(1,974,620)
Net Change in Total OPEB Liability	(776,600)	(1,253,246)	(971,561)	1,308,797	(875,232)	1,379,008	(2,159,915)
Total OPEB Liability - Beginning	7,081,058	8,334,304	9,305,865	7,997,068	8,872,300	7,493,292	9,653,207
Total OPEB Liability - Ending (a)	$ 6,304,458	$ 7,081,058	$ 8,334,304	$ 9,305,865	$ 7,997,068	$ 8,872,300	$ 7,493,292
Plan Fiduciary Net Position							
Contributions - Employer	$ 818,276	$ 804,396	$ 946,854	$ 1,847,235	$ 1,216,340	$ 1,641,180	$ 1,909,856
Contributions - Retiree	215,640	218,747	293,303	-	-	-	356
Net Investment Income	10,165	357	99	674	2,469	2,557	-
Other Income	138,672	107,569	126,440	-	-	-	-
Benefit Payments	(1,229,339)	(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	(46,586)	30,526	57,800	162,252	(156,476)	(49,273)	(64,408)
Plan Fiduciary Net Position - Beginning	329,194	298,668	240,868	78,616	235,092	284,365	348,773
Plan Fiduciary Net Position - Ending (b)	$ 282,608	$ 329,194	$ 298,668	$ 240,868	$ 78,616	$ 235,092	$ 284,365
District's Net OPEB Liability - Ending (a) - (b)	$ 6,021,850	$ 6,751,864	$ 8,035,636	$ 9,064,997	$ 7,918,452	$ 8,637,208	$ 7,208,927
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.48%	4.65%	3.58%	2.59%	0.98%	2.65%	3.79%
Covered-Employee Payroll	$ 1,139,586	$ 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	528.42%	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%	0.11%	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.

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

	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	$ 689,299	$ 775,809	$ 475,148	$ 496,451	$ 544,587	$ 448,878	$ 524,055
Contributions in Relation to the ADC	818,276	804,396	946,854	1,847,235	1,216,340	1,641,180	1,909,856
Contribution Deficiency (Excess)	$ (128,977)	$ (28,587)	$ (471,706)	$ (1,350,784)	$ (671,753)	$ (1,192,302)	$ (1,385,801)
Covered-Employee Payroll	$ 1,139,586	$ 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	71.80%	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	Entry Age Normal
Asset Valuation Method	Market Value	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	30 Year Level Dollar
Discount Rate	3.65	3.54%	2.21%	2.21%	3.50%	3.87%	3.58%
Inflation	3.00%	3.00%	2.20%	2.20%	2.30%	2.30%	2.30%

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* 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 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%
12/31/22	0.31881587%	16,889,920	57,601,844	29.32%	95.72%

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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%
6/30/23	3,909,790	3,909,790	-	58,520,385	6.68%

See accompany Notes to Required Supplementary Information.

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 form 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 form 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.

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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.
- 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, 2023.

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NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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:

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	General	Special Education Fund
Revenues		
Actual Amounts (Budgetary Basis)	$ 106,121,466	$ 8,919,695
Reclassification of Special Education	8,919,695	(8,919,695)
Total Revenues	115,041,161	-
Expenditures		
Actual Amounts (Budgetary Basis)	90,373,567	19,726,065
Reclassification of Special Education	19,726,065	(19,726,065)
Total Expenditures	110,099,632	-
Excess of Revenues Over (Under) Expenditures		
Actual Amounts (Budgetary Basis)	15,747,899	(10,806,370)
Reclassification of Special Education	(10,806,370)	10,806,370
Excess of Revenues Over (Under) Expenditures	4,941,529	-
Other Financing Sources (Uses)		
Actual Amounts (Budgetary Basis)	(12,976,311)	10,806,370
Reclassification of Special Education	10,806,370	(10,806,370)
Total Other Financing Sources (Uses)	(2,169,941)	-
Net Change in Fund Balance		
Actual Amounts (Budgetary Basis)	2,771,588	-
Reclassification of Special Education and Cooperative Program	-	-
Net Change in Fund Balance	2,771,588	-
Fund Balance - July 1		
Actual Amounts (Budgetary Basis)	31,898,734	-
Reclassification of Special Education and Cooperative Program	-	-
Fund Balance - July 1	31,898,734	-
Fund Balance - June 30		
Actual Amounts (Budgetary Basis)	$ 34,670,322	$ -
Reclassification of special education and cooperative program	-	-
Fund balance - June 30	$ 34,670,322	$ -

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, 2023 as follows:

Funds	Excess Expenditures
General Fund:	
Instruction	
Regular Instruction	$ 556,020
Support Services:	
Pupil Services	130,591
General Administration Services	73,952
School Administration Services	15,070
Insurance	128,702
Other Support Services	784,632
Central Services	8,764
Debt Service:	
Principal	510,479
Interest	18,939
Nonprogram:	
Revenue Transits to Others	2,111
Special Education Fund:	
Support Services:	
Pupil Services	67,345
General Administration Services	20,966
School Administration Services	1,639
Business Services	36,265
Debt Service:	
Interest and Fiscal Charges	115
Nonprogram:	
Special Education Tuition Payments	243,782
Revenue Transits to Others	12,399

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SUPPLEMENTARY INFORMATION

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SCHOOL DISTRICT OF ELMBROOK
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue		
	Donations	Food Service	Community Service
ASSETS			
Cash and Investments	$ 1,189,728	$ 2,076,178	$ 656,417
Due from Other Governments	-	17,276	-
Inventories and Prepaid Items	-	19,152	-
Total Assets	$ 1,189,728	$ 2,112,606	$ 656,417
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 20,257	$ 14,796	$ 37,240
Accrued and Other Current Liabilities	302	13,739	2,710
Unearned Revenues	-	170,613	-
Total Liabilities	20,559	199,148	39,950
FUND BALANCES			
Nonspendable	-	19,152	-
Restricted	1,169,169	1,894,306	616,467
Total Fund Balances	1,169,169	1,913,458	616,467
Total Liabilities and Fund Balances	$ 1,189,728	$ 2,112,606	$ 656,417

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SCHOOL DISTRICT OF ELMBROOK
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

	Debt Service		Capital Projects	Total Nonmajor Governmental Funds
	Non-Referendum Debt Service	Referendum Debt Service	Capital Projects	
ASSETS				
Cash and Investments	$ 852,386	$ 971,590	$ 897,780	$ 6,644,079
Due from Other Governments	-	-	-	17,276
Inventories and Prepaid Items	-	-	-	19,152
Total Assets	$ 852,386	$ 971,590	$ 897,780	$ 6,680,507
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ 72,293
Accrued and Other Current Liabilities	-	-	-	16,751
Unearned Revenues	-	-	-	170,613
Total Liabilities	-	-	-	259,657
FUND BALANCES				
Nonspendable	-	-	-	19,152
Restricted	852,386	971,590	897,780	6,401,698
Total Fund Balances	852,386	971,590	897,780	6,420,850
			-	
Total Liabilities and Fund Balances	$ 852,386	$ 971,590	$ 897,780	$ 6,680,507
			-	

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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, 2023

	Special Revenue		
	Donations	Food Service	Community Service
REVENUES			
Property Taxes	$ -	$ -	$ 1,207,730
Other local Sources	2,164,982	2,561,565	-
State Sources	-	42,640	-
Federal Sources	-	891,549	-
Other Sources	-	-	-
Total Revenues	2,164,982	3,495,754	1,207,730
EXPENDITURES			
Instruction:			
Regular Instruction	227,882	-	-
Other Instruction	1,564,870	-	-
Total Instruction	1,792,752	-	-
Support Services:			
Instructional Staff Services	43,965	-	-
School Administration Services	17,551	-	1,767
Business Services	2,128	-	-
Operations and Maintenance of Plant	67,836	234,681	440,907
Pupil Transportation Services	109,200	-	-
Food Services	-	3,227,737	-
Central Services	-	400	-
Insurance	-	27,679	-
Other Support Services	-	-	3,438
Total Support Services	240,680	3,490,497	446,112
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Debt Service	-	-	-
Community Service	-	-	443,569
Nonprogram:			
Revenue Transits to Others	8,397	-	-
Total Expenditures	2,041,829	3,490,497	889,681
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	123,153	5,257	318,049
Fund Balances - July 1	1,046,016	1,908,201	298,418
FUND BALANCES - JUNE 30	$ 1,169,169	$ 1,913,458	$ 616,467

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SCHOOL DISTRICT OF ELMBROOK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Debt Service		Capital Projects	Total Nonmajor Governmental Funds
	Non Referendum Debt Service	Referendum Debt Service	Capital Projects	
REVENUES				
Property Taxes	$ 1,799,836	$ 4,920,104	$ -	$ 7,927,670
Other local Sources	-	60,801	31,043	4,818,391
State Sources	-	-	-	42,640
Federal Sources	-	-	-	891,549
Other Sources	104,708	-	-	104,708
Total Revenues	1,904,544	4,980,905	31,043	13,784,958
EXPENDITURES				
Instruction:				
Regular Instruction	-	-	-	227,882
Other Instruction	-	-	-	1,564,870
Total Instruction	-	-	-	1,792,752
Support Services:				
Instructional Staff Services	-	-	-	43,965
School Administration Services	-	-	-	19,318
Business Services	-	-	-	2,128
Operations and Maintenance of Plant	-	-	-	743,424
Pupil Transportation Services	-	-	-	109,200
Food Services	-	-	-	3,227,737
Central Services	-	-	-	400
Insurance	-	-	-	27,679
Other Support Services	-	-	-	3,438
Total Support Services	-	-	-	4,177,289
Debt Service:				
Principal	1,745,000	4,390,000	-	6,135,000
Interest and Fiscal Charges	168,324	609,651	-	777,975
Total Debt Service	1,913,324	4,999,651	-	6,912,975
Community Service	-	-	-	443,569
Nonprogram:				
Revenue Transits to Others	-	-	-	8,397
Total Expenditures	1,913,324	4,999,651	-	13,334,982
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,780)	(18,746)	31,043	449,976
Fund Balances - July 1	861,166	990,336	866,737	5,970,874
FUND BALANCES - JUNE 30	$ 852,386	$ 971,590	$ 897,780	$ 6,420,850

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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, 2023, 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 .

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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 items 2023-001 that we consider to be significant deficiency.

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.

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.

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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

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* 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, 2023. 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 programs for the year ended June 30, 2023.

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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 and 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*, and 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 program and state program as a whole.

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

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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. Accordingly, this report is not suitable for any other purpose.

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CliftonLarsonAllen LLP

Milwaukee, Wisconsin

SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
Child Nutrition Cluster								
COVID 19 -School Breakfast Program	10.553	WI DPI	2022-670714-DPI-SB-546	$ (27,936)	$ 27,936	$ -	$ -	$ -
School Breakfast Program	10.553	WI DPI	2023-670714-DPI-SB-546	-	28,831	1,182	30,013	-
Total School Breakfast Program				(27,936)	56,767	1,182	30,013	-
National School Lunch Program								
COVID 19 - Meal Reimbursements	10.555	WI DPI	2022-670714-DPI-NSL-547	(112,320)	112,320	-	-	-
Meal Reimbursements	10.555	WI DPI	2023-670714-DPI-NSL-547	-	662,669	16,094	678,763	-
Donated Commodities	10.555	WI DPI	2023-670714-DPI-NSL-547	-	182,772	-	182,772	-
Total National School Lunch Program				(112,320)	957,761	16,094	861,535	-
Total U.S. Department of Agriculture and Child Nutrition Cluster				(140,256)	1,014,528	17,276	891,548	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-670714-DPI-TI-A-141	(40,268)	40,268	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-670714-DPI-TI-A-141	-	-	127,966	127,966	-
Total Title I Grants to Local Educational Agencies				(40,268)	40,268	127,966	127,966	-
Migrant Education State Grant Program	84.011	WI DPI		-	-	-	-	-
Special Education Cluster (IDEA)								
Special Education Grants to States								
Flow Through Entitlement	84.027	WI DPI	2022-670714-DPI-FLOW-341	(389,241)	389,241	-	-	-
Flow Through Entitlement	84.027A	WI DPI	2023-670714-DPI-FLOW-341		1,212,380	492,491	1,704,870	-
Coordinated Early Intervening Services (CEIS)	84.027	WI DPI	2022-670714-DPI-FLOW-341	(75,422)	75,422	-	-	-
Coordinated Early Intervening Services (CEIS)	84.027A	WI DPI	2023-670714-DPI-FLOW-341	-	150,623	91,607	242,230	-
Special Education Preschool Grants	84.173	WI DPI	2022-670714-DPI-IDEA-P-347	(29,862)	29,862	-	-	-
Special Education Preschool Grants	84.173A	WI DPI	2023-670714-DPI-PRESCH-347	-	8,439	22,450	30,890	-
Total Special Education Grants to States				(494,525)	1,865,967	606,548	1,977,990	-
Total Special Education Cluster (IDEA)				(494,525)	1,865,967	606,548	1,977,990	-
Career and Technical Education - Basic Grants to States	84.048	CESA #1	N/A	-	22,485	1,056	23,541	-

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

SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF EDUCATION (CONTINUED)								
English Language Acquisition State Grants	84.365	WI DPI	2022-670714-DPI-TIIIA-391	(8,260)	8,260	-	-	-
English Language Acquisition State Grants	84.365	WI DPI	2023-670714-DPI-TIIIA-391	-	-	37,447	37,447	-
Total English Language Acquisition State Grants				(8,260)	8,260	37,447	37,447	-
Improving Teacher Quality State Grants	84.367	WI DPI	2022-670714-DPI-TIIA-365	(15,353)	15,353	-	-	-
Improving Teacher Quality State Grants	84.367	WI DPI	2023-670714-DPI-TIIA-365	-	34,810	31,755	66,565	-
Improving Teacher Quality State Grants	84.367A	WI DPI	2022-670714-DPI-TIIA-365	(1,466)	1,466		-	-
Total Improving Teacher Quality State Grants				(16,819)	51,629	31,755	66,565	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2022-670714-DPI-TIVA-381	(2,464)	2,464	-	-	-
Student Support and Academic Enrichment Program	84.424	WI DPI		-	2,250	4,135	6,385	-
Total Student Support and Academic Enrichment Program				(2,464)	4,714	4,135	6,385	-
Elementary and Secondary School Emergency Relief - I	84.425	WI DPI	2023-670714-DPI-LETRS-165	-	7,654	5,756	13,410	-
Elementary and Secondary School Emergency Relief - II	84.425	WI DPI	2021-670714-DPI-ESSERF-160	(1,756,255)	1,756,255	-	-	-
Elementary and Secondary School Emergency Relief - III	84.425	WI DPI	2022-670714-DPIESSERFIII-165	(946,579)	946,579	-	-	-
Elementary and Secondary School Emergency Relief - III	84.425	WI DPI	2022-670714-DPIESSERFIII-165	-	998,760	338,215	1,336,975	-
Elementary and Secondary School Emergency Relief - LTRS III	84.425	WI DPI	2023-670714-DPI-LETRS-165	-	19,678	-	19,678	-
Elementary and Secondary School Emergency Relief - EBIS III	84.425	WI DPI	2023-670714-DPIESSERFIII-165	-	1,417,170	205,820	1,622,990	-
Total Elementary and Secondary School Emergency Relief				(2,702,834)	5,146,095	549,790	2,993,052	-
Total U.S. Department of Education				(3,265,170)	7,139,419	1,358,698	5,232,946	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Medicaid Cluster								
Medical Assistance Program	93.778	WI DHS	44210600	(10,833)	10,833	-	-	-
Medical Assistance Program	93.778	WI DHS	44210600		423,555	80,102	503,657	-
Total Medicaid Cluster				(10,833)	434,388	80,102	503,657	
Total U.S. Department of Health and Human Services				(10,833)	434,388	80,102	503,657	-
State of Wisconsin - FEMA Disaster 4520	97.036	Direct Program	N/A	-	-	217,878	217,878	-
Public Health Emergency Response	93.354	CESA #1	n/a	-	11,496	28,853	40,349	-
Total Federal Awards				$ (3,416,258)	$ 8,588,334	$ 1,456,075	$ 6,886,379	$ -

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RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

Federal Sources	$ 7,604,557
Intermediate Sources	63,890
Less: Federal Sources Not Considered Federal Financial Assistance	
Governor CRF Aid	(673,781)
Kids Get Ahead Funds	(108,287)
Interdistrict - Milwaukee Public School District	
Total Federal Awards	$ 6,886,379

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

SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	670714-100		$ 4,708,662	$ -	$ 4,708,662	$ -
Special Education and School Age Parents	255.101	CESA #1	N/A	(3,874)	3,874	6,133	6,133	-
State School Lunch Aid	255.102	Direct Program	670714-107	-	30,060	-	30,060	-
Common School Fund Library Aid	255.103	Direct Program	670714-104	-	519,685	-	519,685	-
General Transportation Aid	255.107	Direct Program	670714-102	-	202,897	-	202,897	-
Equalization Aids	255.201	Direct Program	670714-116	-	18,454,086	-	18,454,086	-
Integration Transfer - Non Resident	255.204	Direct Program	670714-106	-	180,631	-	180,631	-
High Cost Special Education Aid	255.210	Direct Program	670714-119	-	436,198	-	436,198	-
Aid for School Mental Health Programs	255.227	Direct Program	670714-176	(46,269)	152,123	-	105,854	-
Special Education Transition Readiness Grant	255.960	Direct Program	670714-168	-	29,618	-	29,618	-
Special Education Transition Readiness Grant	255.257	Direct Program	670714-174	-	-	41,730	41,730	-
AODA Program Grants	255.321	Direct Program	670714-142	(500)	500	-	-	-
State School Breakfast Aid	255.344	Direct Program	670714-108	-	12,580	-	12,580	-
WI Grants to Support Gifted and Talented	255.350	Direct Program	670714-139	(18,475)	18,475	24,379	24,379	-
Early College Credit Program	255.445	Direct Program	670714-178	-	9,197	-	9,197	-
Educator Effective Evaluation System	255.940	Direct Program	670714-154	(44,800)	44,800	46,000	46,000	-
Per Pupil Aid	255.945	Direct Program	670714-113	-	5,574,646	-	5,574,646	-
Career and Technical Education Incentive Grants	255.950	Direct Program	670714-152	(22,786)	89,803	-	67,017	-
Assessments of Reading Readiness	255.956	Direct Program	670714-166	-	22,913	-	22,913	-
Robotics Lead Participation Grants Public	255.959	Direct Program	670714-167	-	18,967	-	18,967	-
Aid for Special Ed Transition Grant BBL	255.360	Direct Program	670714-153	-	552,000	-	552,000	-
Total Wisconsin Department of Public Instruction				(136,704)	31,061,715	118,242	31,043,253	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
Youth Apprenticeship Grant	455.112	Direct Program	N/A	-	3,679	-	3,679	-
WISCONSIN HIGHER EDUCATION AIDS BOARD								
Dual Enrollment Credential Grant	235.UNK	Direct Program	N/A	-	-	3,499	3,499	-
Total State Awards				$ (136,704)	$ 31,065,394	$ 121,741	$ 31,050,431	$ -

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RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

State Sources	$ 32,441,136
Less: State Sources Not Considered State Financial Assistance	
State Tax Computer Aid	(1,068,800)
Personal Property Aid	(326,365)
Other State Revenue	(1,673)
Intermediate & Inter-district Sources	6,133
Total State Awards	$ 31,050,431

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, 2023

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 2023 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.

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

NOTE 3 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.

NOTE 4 OVERSIGHT AGENCIES

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

Federal - U.S. Department of Education
Federal – U.S. Department of Health and Human Services
Federal - U.S. Department of Homeland Security
State - Wisconsin Department of Public Instruction
State - Wisconsin Department of Workforce Development
State – Wisconsin Higher Education Aids Board

NOTE 5 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

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SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

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 *State Single Audit Guidelines*? No

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Identification of Major Federal Programs:

CFDA Number	Name of Federal Program
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster (IDEA)
84.425	Elementary and Secondary School Emergency Relief

Identification of Major State Programs:

State ID Number	Name of State Program
255.201	Equalization Aids
255.204	Integration Transfer Non Resident

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, 2023

Section II – Financial Statement Findings

Finding No.	Control Deficiencies
2023-001	**Preparation of Annual Financial Report** Repeat of Finding 2022-001
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:	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. 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.
Repeat Finding:	This finding is a repeat of a finding in the immediately prior year. Prior year finding was 2022-001.
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.

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SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

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, 2023.

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? No

4. Name and signature of partner

   Jake Lenell, CPA

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SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023

Prior Year Audit Findings

The findings noted in the 2022 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:

2022-001 Preparation of Annual Financial Report

Management continues to rely upon the audit firm to prepare its financial statements. This finding is repeated as 2023-001.

Corrective Action Plan

2023-001 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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