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DEERFIELD COMMUNITY SCHOOL DISTRICT
DEERFIELD, WISCONSIN

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2023

Deerfield Community School District
For the Year Ended June 30, 2023

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For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Deerfield Community School District
Deerfield, Wisconsin

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2022, the Deerfield Community School District adopted provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The standard has been applied retrospectively to the beginning of the period of adoption and required a restatement of net position of \$70,311. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financials 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 Deerfield Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 the Deerfield Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Deerfield Community School District's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page iv through page xi, budgetary comparison information, schedules of changes in the District's total OPEB liability, other pension benefits, and related ratios, the Local Retiree Life Insurance Fund schedules, and Wisconsin Retirement System schedules on pages 43 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the District's basis financial statements. The combining nonmajor fund financial statements and schedules 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*, 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 basis 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 information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedules 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 November 27, 2023, on our consideration of the Deerfield Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
November 27, 2023

DEERFIELD COMMUNITY SCHOOL DISTRICT

Deerfield, Wisconsin

Management Discussion and Analysis

June 30, 2023

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

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$14,974,044 (*net position*). For the year, net position increased by \$797,284.

Total governmental funds revenue were \$14,359,362; including \$6,225,752 in local revenue, \$6,364,503 of state aid, \$949,873 of Federal aid, \$687,050 of Inter-district payments, \$129,388 of other sources, and \$2,796 of intermediate sources. Total governmental fund expenditures were \$13,703,748, including \$6,576,610 for direct instruction.

The following financial events took place during fiscal year 2023.

- The work of the Citizens Advisory Committee and the results of a community survey provided the background for the Board of Education to pass a resolution to place a referendum question on the April 2023 ballot. The referendum asked for \$49.7 million to significantly upgrade and add on to the Deerfield Middle and High School building. The referendum was approved.

The following events are expected for the 2024 fiscal year.

- As a result of the successful referendum, the District has engaged an architect and construction company to begin the review and design phase of improving the Deerfield Middle and High School. The capital project is expected to start in April of 2024 and be completed at the start of the 2026-27 school year.
- The District will begin the work of renewing the 5-year operational referendum passed in November of 2020 and expiring in June of 2025 with hopes of having the voters see the referendum question on the November 2024 ballot.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

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

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

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

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

The major features of the District's financial statements, including the activities reported and the type of information contained, is shown in the following table.

DEERFIELD SCHOOL DISTRICT
Deerfield, Wisconsin
Management Discussion and Analysis
June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Governmental
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service, and community services.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position. • Statement of Activities. 	<ul style="list-style-type: none"> • Balance Sheet. • Statement of Revenues, Expenditures and Changes in Fund Balance.
Basis of accounting and measurement focus	<p>Accrual accounting.</p> <p>Economic resources focus.</p>	<p>Modified accrual accounting.</p> <p>Current financial resources focus.</p>
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.

DEERFIELD SCHOOL DISTRICT
Deerfield, Wisconsin
Management Discussion and Analysis
June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

DISTRICT WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Activities reports all revenues and expenses used to support the District. The Statement of Net Position reports all assets and liabilities available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities* – Activities that are intended to be mostly self-supporting and meet certain accounting criteria are considered business-type activities. The District had no business-type activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District only has one kind of fund:

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

DEERFIELD SCHOOL DISTRICT
Deerfield, Wisconsin
Management Discussion and Analysis
June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position at June 30, 2023.

TABLE 1
Condensed Statement of Net Position
(In thousands of dollars)

	<u>2023</u>	<u>2022</u>	<u>\$ VAR</u>
Current and other assets	\$ 4,685	\$ 3,752	\$ 933
Restricted assets - cash and cash equivalents	17,064	1,948	15,116
Non-current assets	12,786	13,170	(384)
Restricted assets - net pension asset	-	2,503	(2,503)
Total Assets	<u>34,535</u>	<u>21,373</u>	<u>13,162</u>
Deferred pension outflows	5,948	4,744	1,204
Deferred OPEB outflows	172	379	(207)
Deferred supplemental pension outflows	137	81	56
Deferred loss on refunding	76	20	56
Total Deferred Outflows	<u>6,333</u>	<u>5,224</u>	<u>1,109</u>
Long-term Obligations	20,480	5,119	15,361
Other Liabilities	1,375	1,079	296
Total Liabilities	<u>21,855</u>	<u>6,198</u>	<u>15,657</u>
Unearned revenue	3	3	-
Deferred pension inflows	3,410	5,905	(2,495)
Deferred OPEB inflows	437	223	214
Deferred supplemental pension inflows	189	162	27
Total Deferred Inflows	<u>4,039</u>	<u>6,293</u>	<u>(2,254)</u>
Net Position:			
Net investment in capital assets	10,312	9,750	562
Restricted	3,441	2,741	700
Unrestricted	1,221	1,615	(394)
Total Net Position	<u>\$ 14,974</u>	<u>\$ 14,106</u>	<u>\$ 868</u>

DEERFIELD SCHOOL DISTRICT
Deerfield, Wisconsin
Management Discussion and Analysis
June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Table 2 provides summarized operating results and their impact on net position.

TABLE 2
Changes in Net Position from Operating Results
(in thousands of dollars)

	<u>2023</u>	<u>2022</u>	<u>\$ VAR</u>
Revenues			
Program Revenues			
Charges for services	\$ 391	\$ 190	\$ 201
Operating grants & contributions	2,441	2,272	169
General Revenues			
Property taxes	5,505	5,449	56
State formula aid	5,739	5,481	258
Other	165	32	133
Total Revenues	<u>14,241</u>	<u>13,424</u>	<u>817</u>
Expenses			
Instruction	6,994	5,894	1,100
Pupil & Instructional Services	1,168	1,055	113
General Administration Services	458	366	92
Building Administration Services	443	352	91
Business Administration	1,974	1,703	271
Central Services	390	371	19
Insurance	104	99	5
Other Support Services	920	830	90
Food Services	497	437	60
Community Services	12	8	4
Interest on Debt	72	121	(49)
Depreciation and Amortization	412	381	31
Total Expenses	<u>13,444</u>	<u>11,617</u>	<u>1,827</u>
Increase (Decrease) in Net Position	<u>797</u>	<u>1,807</u>	<u>(1,010)</u>
Net Position-January 1	14,106	12,299	1,807
Prior period adjustments-implementation of GASB Statement No. 96	71	-	71
Net Position-January 1, as restated	<u>14,177</u>	<u>10,375</u>	<u>3,802</u>
Net Position-December 31	<u>\$ 14,974</u>	<u>\$ 14,106</u>	<u>\$ 868</u>

DEERFIELD SCHOOL DISTRICT
Deerfield, Wisconsin
Management Discussion and Analysis
June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Table 3 presents the cost of the twelve major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

TABLE 3
Net Cost of Governmental Activities
(in thousands of dollars)

	Total Cost of Services		Less Charges For Services		Less Operating Grants & Contributions		Net Cost of Services	
	2023	2022	2023	2022	2023	2022	2023	2022
Expenses								
Instruction	\$ 6,994	\$ 5,894	\$ 102	\$ 90	\$ 1,880	\$ 1,610	\$ 5,012	\$ 4,194
Pupil & Instructional Services	1,168	1,055	-	-	246	155	922	900
General Administration Services	458	366	-	-	-	11	458	355
Building Administration Services	443	352	12	22	-	-	431	330
Business Administration	1,974	1,703	-	-	6	17	1,968	1,686
Central Services	390	371	-	-	-	-	390	371
Insurance	104	99	-	-	-	-	104	99
Other Support Services	920	830	-	-	98	34	822	796
Food Service	497	437	276	76	211	446	10	(85)
Community Services	12	8	1	2	-	-	11	6
Interest on Debt	72	121	-	-	-	-	72	121
Other	412	381	-	-	-	-	412	381
Total Expenses	\$ 13,444	\$ 11,617	\$ 391	\$ 190	\$ 2,441	\$ 2,273	\$ 10,612	\$ 9,154

The cost of all governmental activities this year was \$13,444,098. Individuals who directly participated or benefited from a program offering paid for \$391,380 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$2,440,819. The net cost of governmental activities of \$10,611,899, increased by \$1,457,624 from the previous year.

The composition of governmental revenues by source is illustrated below:

	Governmental Revenue by Source		
	2023	2022	\$ VAR
Local	\$ 6,225,752	\$ 5,884,713	\$ 341,039
Interdistrict	687,050	525,138	161,912
Intermediate	2,796	-	2,796
State	6,364,503	5,979,687	384,816
Federal	949,873	1,007,594	(57,721)
Other	129,388	26,702	102,686
Total	\$ 14,359,362	\$ 13,423,834	\$ 935,528

DEERFIELD SCHOOL DISTRICT
Deerfield, Wisconsin
Management Discussion and Analysis
June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The composition of governmental expenditures by type is illustrated below:

	Governmental Expense by Type		
	<u>2023</u>	<u>2022</u>	<u>\$ VAR</u>
Instruction	\$ 6,559,910	\$ 6,344,968	\$ 214,942
Support Services	5,465,251	4,969,822	495,429
Capital Outlay	486,731	322,523	164,208
Debt Service	1,191,856	1,789,764	(597,908)
Total	<u>\$ 13,703,748</u>	<u>\$ 13,427,077</u>	<u>\$ 710,371</u>

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$20,389,602 compared to last year's ending fund balance of \$4,652,075. The increase in fund balance is mainly due to the proceeds from long-term debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopts a preliminary budget in September for the fiscal year beginning July 1st. Consistent with current state statutes and regulations an *original* budget is adopted in October following determination of official enrollment and certification of states aids. Generally, the original budget which is passed in October is not significantly modified. There were no modifications to the Original Budget during the 2022-23 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, the District had invested \$25,507,937 in capital assets, including buildings, sites and equipment (see Table 4). Total accumulated depreciation on these assets was \$12,770,309. Asset acquisitions for governmental activities totaled \$339,559. The District recognized depreciation expense of \$753,916. (Detailed information about capital assets can be found in Note 4 to the financial statements.)

TABLE 4
Capital Assets
(net of depreciation, in thousands of dollars)

	<u>Governmental Activities</u>		<u>Total % change</u>
	<u>2023</u>	<u>2022</u>	<u>22-23</u>
Land	\$ 646	\$ 646	0.00%
Buildings and Improvements	22,208	21,954	1.16%
Furniture and Equipment	2,654	2,654	0.00%
Accumulated Depreciation	(12,770)	(12,083)	5.69%
Total	<u>\$ 12,738</u>	<u>\$ 13,171</u>	<u>-3.29%</u>

Notes: Totals may not add due to rounding.

DEERFIELD SCHOOL DISTRICT
Deerfield, Wisconsin
Management Discussion and Analysis
June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-term Debt

At year-end the District had \$17,565,090 in bonds payable and other long-term debt outstanding – an increase of \$13,998,627 (393%) from fiscal 2022. (Detailed information about the District’s long-term liabilities is presented in Note 6 to the financial statements.)

TABLE 5
Outstanding Long-term Obligation
(in thousands of dollars)

	Total School District		Total % Change
	2023	2022	21-22
General Obligation Debt	\$ 17,240	\$ 3,325	418.50%
Unamortized Debt Premium (Discount)	174	93	87.10%
Lease	12	23	-47.83%
Compensated Absences	139	126	10.32%
Total	\$ 17,565	\$ 3,567	392.43%

Note: Totals may not add due to rounding.

General Obligation debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

FACTORS BEARING ON THE DISTRICT’S FUTURE

Currently known circumstances that will impact the District’s financial status in the future are:

- The state biennium budget passed during the summer of 2023 did not provide an adequate increase in revenues to offset the federal one-time funds received during the COVID pandemic. The federal funds will be depleted at the end of fiscal year 2023-24 which may cause a significant budget shortfall for the 2024-25 fiscal year.
- Labor shortages across all employee groups continue to be a concern as some open positions in the district have not been filled for several months. There is also pressure to continue to increase wages to stay competitive with neighboring employers.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This 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, contact Doreen Treuden, Business Manager, Deerfield Community School District, (608) 764-5431, Deerfield Community School District, 300 Simonson Blvd, Deerfield, WI 53531.

BASIC FINANCIAL STATEMENTS

Exhibit A-1
Deerfield Community School District
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,227,777
Restricted cash and cash equivalents	17,063,811
Receivables:	
Taxes receivable	1,348,709
Other	10,134
Due from other governmental units	92,752
Prepaid expenditures	5,653
Total current assets	21,748,836
Noncurrent assets:	
Net subscription-based information technology arrangement assets	48,660
Land	645,588
Capital assets being depreciated	24,862,349
Less: accumulated depreciation	(12,770,309)
Net capital assets	12,737,628
Total noncurrent assets	12,786,288
Total Assets	34,535,124
Deferred Outflows of Resources:	
Deferred pension outflows - Wisconsin Retirement System	5,947,959
Deferred OPEB outflows - group life insurance plan	172,000
Deferred OPEB outflows - District health insurance plan	137,387
Deferred supplemental pension outflows	75,461
Total Deferred Outflows of Resources	6,332,807
Total Assets and Deferred Outflows of Resources	\$ 40,867,931

See accompanying notes to the basic financial statements.

Exhibit A-1
Deerfield Community School District
Statement of Net Position
June 30, 2023

	Governmental Activities
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 320,025
Accrued salaries and wages	475,607
Payroll taxes and withholdings	547,717
Accrued interest payable	19,379
Subscription-based information technology arrangement liability	5,827
Food service deposits	12,610
Current portion of long-term obligations	2,498,522
Total current liabilities	3,879,687
Noncurrent liabilities:	
Long-term obligations	17,413,717
Compensated absences	139,635
Other liabilities	11,738
Supplemental pension stipend benefits	555,571
OPEB - group life insurance plan	387,219
OPEB - District health insurance plan	339,495
Net pension liability	1,625,921
Less: Current portion of long-term obligations	(2,498,522)
Total noncurrent liabilities	17,974,774
Total Liabilities	21,854,461
Deferred Inflows of Resources:	
Unearned revenue	3,278
Deferred pension inflows - Wisconsin Retirement System	3,410,387
Deferred OPEB inflows - group life insurance plan	274,225
Deferred OPEB inflows - District health insurance plan	162,347
Deferred supplemental pension inflows	189,189
Total Deferred Inflows of Resources	4,039,426
Net Position:	
Net investment in capital assets	10,312,173
Restricted for:	
Capital projects	1,888,811
Debt service	992,536
Donor restricted	227,337
Community service	126,584
Other restrictions	205,600
Unrestricted	1,221,003
Total Net Position	14,974,044
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 40,867,931

See accompanying notes to the basic financial statements.

Exhibit A-2
Deerfield Community School District
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 4,426,686	\$ 55,827	\$ 1,005,910	\$ (3,364,949)
Vocational instruction	316,802	-	7,442	(309,360)
Special instruction	1,527,833	-	669,147	(858,686)
Other instruction	722,872	46,621	197,624	(478,627)
Total instruction	6,994,193	102,448	1,880,123	(5,011,622)
Support services:				
Pupil services	702,402	-	133,425	(568,977)
Instructional staff services	465,610	-	112,040	(353,570)
General administration services	458,263	-	-	(458,263)
Building administration services	442,776	11,979	-	(430,797)
Business administration	1,973,779	-	6,241	(1,967,538)
Central services	389,913	-	-	(389,913)
Insurance	103,958	-	-	(103,958)
Other support services	920,220	-	97,690	(822,530)
Food services	496,955	275,943	211,300	(9,712)
Community services	11,503	1,010	-	(10,493)
Interest and fiscal charges on long-term debt	71,796	-	-	(71,796)
Depreciation-Unallocated	374,401	-	-	(374,401)
Amortization expense	38,329	-	-	(38,329)
Total support services	6,449,905	288,932	560,696	(5,600,277)
Total governmental activities	\$ 13,444,098	\$ 391,380	\$ 2,440,819	(10,611,899)
General revenues:				
Property taxes:				
General purposes				3,488,825
Debt services				2,015,988
Federal and State aid not restricted for specific purposes				
General				5,738,781
Interest and investment earnings				154,180
Special Item - Loss from the disposal of fixed assets				(18,440)
Miscellaneous				29,849
Total general revenues				11,409,183
Changes in net position				797,284
Net position - beginning, as previously stated				14,106,449
Prior period adjustment - See Note 5				70,311
Net position - beginning, as restated				14,176,760
Net position - ending				\$ 14,974,044

See accompanying notes to the basic financial statements.

Exhibit A-3
Deerfield Community School District
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,751,781	\$ -	\$ 992,536	\$ 483,460	\$ 3,227,777
Restricted cash and investments	-	17,063,811	-	-	17,063,811
Receivables:					
Taxes	1,348,709	-	-	-	1,348,709
Accounts	3,811	-	-	6,323	10,134
Due from other governments	92,752	-	-	-	92,752
Prepaid expenditures	-	-	-	5,653	5,653
Total Assets	<u>\$ 3,197,053</u>	<u>\$ 17,063,811</u>	<u>\$ 992,536</u>	<u>\$ 495,436</u>	<u>\$ 21,748,836</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 136,814	\$ 175,000	\$ -	\$ 8,210	\$ 320,024
Accrued salaries and wages	471,503	-	-	4,104	475,607
Payroll taxes and withholdings	544,471	-	-	3,245	547,716
Food service deposits	-	-	-	12,609	12,609
Total Liabilities	<u>1,152,788</u>	<u>175,000</u>	<u>-</u>	<u>28,168</u>	<u>1,355,956</u>
Deferred Inflows of Resources:					
Unearned revenue	<u>3,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,278</u>
Total Deferred Inflows of Resources	<u>3,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,278</u>
Fund Balances:					
Nonspendable	-	-	-	5,653	5,653
Restricted	97,906	16,888,811	992,536	461,615	18,440,868
Unassigned	<u>1,943,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,943,081</u>
Total Fund Balances	<u>2,040,987</u>	<u>16,888,811</u>	<u>992,536</u>	<u>467,268</u>	<u>20,389,602</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,197,053</u>	<u>\$ 17,063,811</u>	<u>\$ 992,536</u>	<u>\$ 495,436</u>	<u>\$ 21,748,836</u>

See accompanying notes to the basic financial statements.

Exhibit A-4
Deerfield Community School District
Reconciliation of the Governmental Funds
Balance Sheet with the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds:		\$ 20,389,602
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:		
Governmental capital assets	25,507,937	
Governmental accumulated depreciation	<u>(12,770,309)</u>	12,737,628
Subscription Based Information Technology Arrangements used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:		
Governmental SBITA asset	82,162	
Governmental accumulated amortization	<u>(33,502)</u>	48,660
Pension and other benefits' deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan and OPEB plan. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not current financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources		6,332,807
Deferred inflows of resources		(4,036,148)
Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Position that are not reported in the funds balance sheet are:		
General obligation debt	(17,413,717)	
Other liabilities	(17,568)	
Accrued interest on long-term debt and SBITAs	(19,379)	
Compensated absences	<u>(139,635)</u>	(17,590,299)
Other items, including pension liabilities and OPEB liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the fund statements.		
OPEB - group life insurance plan	(387,219)	
OPEB - District health insurance plan	(339,495)	
Supplemental pension stipend benefits	(555,571)	
Net pension liability	<u>(1,625,921)</u>	(2,908,206)
Total net position - governmental activities		<u>\$ 14,974,044</u>

See accompanying notes to the basic financial statements.

Exhibit A-5
Deerfield Community School District
Statement of Revenues, Expenditures and Changes
in Fund Balances Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 3,488,825	\$ -	\$ 2,015,988	\$ -	\$ 5,504,813
Other local sources	160,268	83,093	3,578	474,000	720,939
Interdistrict sources	675,302	-	-	11,748	687,050
Intermediate sources	2,796	-	-	-	2,796
State sources	6,358,871	-	-	5,632	6,364,503
Federal sources	744,205	-	-	205,668	949,873
Other sources	29,849	-	99,539	-	129,388
Total Revenues	<u>11,460,116</u>	<u>83,093</u>	<u>2,119,105</u>	<u>697,048</u>	<u>14,359,362</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	4,151,125	-	-	8,592	4,159,717
Vocational instruction	293,050	-	-	729	293,779
Special instruction	1,415,848	-	-	-	1,415,848
Other instruction	533,041	-	-	157,525	690,566
Total Instruction	<u>6,393,064</u>	<u>-</u>	<u>-</u>	<u>166,846</u>	<u>6,559,910</u>
Support Services:					
Pupil services	679,657	-	-	-	679,657
Instructional staff services	476,260	-	-	903	477,163
General administration services	437,773	-	-	-	437,773
Building administration services	418,140	-	-	-	418,140
Business administration	1,637,640	3,389	-	16,193	1,657,222
Central services	192,317	-	-	-	192,317
Insurance	103,958	-	-	-	103,958
Food services	-	-	-	495,401	495,401
Community service	-	-	-	11,244	11,244
Other support services	986,376	-	-	6,000	992,376
Total Support Services	<u>4,932,121</u>	<u>3,389</u>	<u>-</u>	<u>529,741</u>	<u>5,465,251</u>
Total Current Expenditures	<u>11,325,185</u>	<u>3,389</u>	<u>-</u>	<u>696,587</u>	<u>12,025,161</u>
Capital Outlay	160,844	309,187	-	16,700	486,731
Debt Service	22,306	-	1,169,550	-	1,191,856
Total Expenditures	<u>11,508,335</u>	<u>312,576</u>	<u>1,169,550</u>	<u>713,287</u>	<u>13,703,748</u>
Excess (deficiency) of revenues over expenditures	<u>(48,219)</u>	<u>(229,483)</u>	<u>949,555</u>	<u>(16,239)</u>	<u>655,614</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from long-term debt	-	15,000,000	-	-	15,000,000
Proceeds from SBITA	11,602	-	-	-	11,602
Transfers out	(1,430)	-	(8,420)	-	(9,850)
Transfers in	-	-	-	9,850	9,850
Total Other Financing Sources (Uses)	<u>10,172</u>	<u>15,000,000</u>	<u>(8,420)</u>	<u>9,850</u>	<u>15,011,602</u>
Net Change in Fund Balances	<u>(38,047)</u>	<u>14,770,517</u>	<u>941,135</u>	<u>(6,389)</u>	<u>15,667,216</u>
Fund Balances-beginning of year	2,008,723	2,118,294	51,401	473,657	4,652,075
Prior period adjustment -SBITA	70,311	-	-	-	70,311
Fund Balances - beginning of year - restated	<u>2,079,034</u>	<u>2,118,294</u>	<u>51,401</u>	<u>473,657</u>	<u>4,722,386</u>
Fund Balances-end of year	<u>\$ 2,040,987</u>	<u>\$ 16,888,811</u>	<u>\$ 992,536</u>	<u>\$ 467,268</u>	<u>\$ 20,389,602</u>

See accompanying notes to the basic financial statements.

Exhibit A-6
Deerfield Community School District
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances-total governmental funds		\$ 15,667,216
Amounts reported for governmental activities in the Statement of Activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
Capital outlay reported in governmental fund statements	339,559	
Depreciation expenses reported in the Statement of Activities	<u>(753,917)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period		(414,358)
Proceeds received in current year for SBITA's	11,602	
Amortization expenses reported in the Statement of Activities	<u>(37,294)</u>	
		(25,692)
The District disposed of site improvements resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the Statement of Activities as a net loss and has no effect on the governmental fund statements		
The value of the capital assets disposed of during the year was:	(85,101)	
The amount of depreciation recapture for the year was:	<u>66,661</u>	
The difference in the value of assets net of recaptured depreciation		(18,440)
Vested employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.		
Increase in compensated absences that occurred during the year		(13,665)
Net other post-employment benefits obligation expense		(32,551)
Net supplemental pension stipend benefits expense		(13,353)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.		
The amount of long-term debt principal incurred in the current year		(15,000,000)
The amount of long-term debt principal retired in the current year		1,085,000
The amount of SBITA principal incurred in the current year		(11,602)
The amount of SBITA principal retired in the current year		9,817
The amount of lease principal payments in the current year		11,031
The amount of debt premium amortized in the current year		18,545
The issuance of long-term debt (e.g. bonds, notes) and lease proceeds provides current financial resources to governmental funds but does not affect the Statement of Activities.		
The amount of premium received on bond issuance		(99,538)
The difference between the amount paid to the refunding bond escrow and the principal amount decreased is reported in the governmental funds as an other financing use, but is reported as a deferred charge in the Statement of Net Position and allocated over the life of the debt issue as amortization expense in the Statement of Activities.		
		(19,582)
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.		
The amount of interest paid during the current period	86,008	
The amount of interest accrued during the current period	<u>(71,795)</u>	
Interest paid is greater (less) than interest accrued by		14,213
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement on Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset/liability from the prior year to the current year, with some adjustments.		
Amount of current year required contributions into the defined benefit pension plan	365,414	
Actuarially determined change in net pension asset/liability between years, with adjustments	<u>(795,482)</u>	
		(430,068)
Restatement of fund balance due to implementation of SBITA's		<u>70,311</u>
Change in net position-governmental activities		<u>\$ 797,284</u>

NOTES TO THE FINANCIAL STATEMENTS

Deerfield Community School District
June 30, 2023

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Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Deerfield Community School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (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 governed by an elected seven-member school board. The District operates grades 4 year old kindergarten through grade 12. The District is comprised of all or parts of five taxing districts.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity for the District consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

B. Basis of Presentation

District-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except for fiduciary funds, which are presented in the fund financial statements by type. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District does not report any business-type activities.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

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

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

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

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

Governmental Funds

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

General Fund - The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

Major Funds

The District reports the following major governmental funds:

General Fund
Capital Projects Fund
Debt Service Fund

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

The District reports the following nonmajor funds:

Special Revenue Funds:

Food Service - accounts for the activities of the District's food service, generally school hot lunch program.

Community Service - accounts for activities associated with providing recreational and enrichment programs to the community.

Package Cooperative - accounts for programs provided on a cooperative basis with other Districts.

Special Revenue Trust - accounts for trust funds that can be used for District operations. The source of such funds is gifts and donations from private parties.

C. Measurement Focus and Basis of Accounting

The district-wide Statement of Net Position and Statement of Activities financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The aggregate District levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1st full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31st, and the final payment no later than the following July 31st. On or before January 15th, 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 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. The District's standard accounting policy considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. All taxes are collected within 60 days of June 30 and are deemed available to pay current liabilities.

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

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Assets and Liabilities

Cash and Investments

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund’s portion of total cash and investments is reported as cash and cash equivalents/investments by the District’s individual major funds, and in the aggregate for nonmajor and agency funds. Interest earned is distributed monthly to the various funds based on each fund’s proportionate equity in the cash and investments pool.

All deposits of the District are made in board designated official depositories and are secured as required by State Statute. The District may designate, as an official depository, any bank or savings association. Also, the District may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

Accounts Receivable

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

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory in the general fund and governmental activities consist of expendable supplies held for consumption. The costs are recorded as expenditures under the purchase method. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

District-wide Statements

In the district-wide financial statements, capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated acquisition value at the time received.

All capital assets, or groups of assets, that meet the District's capitalization threshold of \$5,000 are capitalized and updated for additions. Assets that are returned are taken off on an annual basis. All improvements to capital assets are capitalized while the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are expensed.

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

Computer equipment	5-10 years
Vehicles and buses	8 years
Other equipment	5-15 years
Site improvements	20 years
Buildings	50 years

Fund Financial Statements

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

Pensions

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. See Note 9(A) for additional information.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vested Employee Benefits

Sick Leave

Employees of the District earn varying amounts of sick time. Employees can accumulate up to 130 days depending on the employee's classification. Administration employees leaving after 10 years of service in the District and age 55 will be compensated up to 100 days at \$50 per day. Administration support staff leaving after 15 years of service in the District and age 60 will be compensated up to 100 days at \$30 per day. A teacher retiring with 10 years of service in the District will be compensated up to 130 days at \$80 per day.

The District reports compensated absences in accordance with provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other Postemployment Benefits (OPEB)

District health insurance plan

As provided in applicable negotiated contracts, qualified employees meeting minimum age and length of service requirements may be eligible for certain other postemployment benefits directly from the District. Employees that choose not to participate in the medical plan during their retirement will instead receive a cash benefit in lieu of such coverage. See Note 10(A) for additional information.

Group life insurance plan

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 10(B) for additional information.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Pension Benefits

The District provides an alternative cash benefit to administrators and non-union support staff that chose to opt out of the medical plan upon retirement. This alternative cash benefit is equal to the District's contribution to the medical plan had they chosen to continue in the medical plan.

The liabilities for vested employee benefits are reported on the district-wide financial statements. In the governmental fund financial statements, none of the liabilities are reported as it is not expected to be paid using expendable available resources. See Note 10(B) for additional information.

Long-Term Obligations

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

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

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

E. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has five items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system, OPEB plans, and supplemental pension.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resource (revenue) until then. The District reported the deferred revenue, WRS deferred pension inflow, OPEB inflows and supplemental pension inflow as deferred inflows of resources.

F. Claims and Judgments

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

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Interfund Activity

Charges for services between funds are reported as revenues in the seller funds and as expenditures/expense in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. These transfers are eliminated from the Statement of Activities. On the fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the Statements of Net Position.

I. Equity Classifications

District-wide Statements

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

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

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-Spendable - includes amounts that are not in a spendable form (such as inventory/or are required to be maintained intact).
- Restricted - includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed - includes amounts constrained to specific purposes by the Board of Education itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Board of Education takes the same highest level action to remove or change the constraint.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Equity Classifications (Continued)

- Assigned - includes amounts the Board of Education intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority.
- Unassigned - includes amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the School Board. Commitments of fund balance, once made, can be modified only by majority vote of the School Board.

The Board of Education authorizes and directs the District Administrator to assign the fund balance, to the extent such assignment does not create a negative unassigned fund balance.

The Board of Education recognizes the need to maintain an operating reserve in the general fund for the following purposes:

1. Hold adequate working capital to meet cash flow needs during the fiscal year
2. Reduce the need for short-term borrowing
3. Serve as a safeguard for unanticipated expenditures of the District
4. Show fiscal responsibility to maintain a high credit rating which will help reduce future borrowing costs

The District strives to maintain a fund balance of not less than 10% of subsequent year's operation expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

J. Change in Accounting Principle

Effective July 1, 2022, the District adopted GASB No. 96, Subscription-Based Information Technology Arrangements. The effects of the adoption of GASB No. 96 are disclosed in Note 5. The standard has been applied retrospectively to the beginning of the period of adoption and required a restatement of net position of \$70,311.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

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

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

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of three broad categories. The amounts shown on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities in the basic financial statements represent:

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the Statement of Activities. The long-term expenses reported recognize the change in vested employee benefits.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the Statement of Activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the Statement of Activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3 CASH AND INVESTMENTS

At June 30, 2023, the cash and investments included the following:

Account Balances	
Deposits with financial institutions	\$ 403,404
Wisconsin Investment Series Cooperative (WISC)	16,072,148
WI Local Government Investment Pool	3,816,036
Total	\$ 20,291,588
Per Statement of Net Position:	
Cash and cash equivalents	\$ 3,227,777
Restricted cash and cash equivalents	17,063,811
Total	\$ 20,291,588

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

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

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.

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.

Investment Type	Amount	Investment Maturities		
		6 Months or Less	6 Months to 1 Year	1 Year to 5 Years
WI Local Government Investment Pool	\$ 3,816,036	\$ 3,816,036	\$ -	\$ -
Certificates of Deposit	4,275,169	277,219	240,700	3,757,250
US Treasury Notes	3,790,202	762,607	2,415,351	612,244
Total	<u>\$ 11,881,407</u>	<u>\$ 4,855,862</u>	<u>\$ 2,656,051</u>	<u>\$ 4,369,494</u>

The average maturity of WI Local Government Investment pool as of June 30, 2023 is 28 days (23 days as of June 30, 2022).

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2023, the District's investments were rated as follows:

Investment Type	Fair Value	Rating
WISC Multi-Class Series	\$ 8,032,190	S&P Global Ratings - AAAm
Local Government Investment Pool	3,816,036	Not Rated
US Treasury Notes	3,790,202	S&P Global Ratings - AA+
Total fair value of investments subject to credit risk	<u>\$ 15,638,428</u>	

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in possession of another party. The District does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for all time and savings accounts and \$250,000 for all demand accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). 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.

All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>.

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 amount reported above. Information on derivatives was not available to the District.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of June 30, 2023 was: 98% in U.S. Government Securities, 2% in Commercial Paper, Certificates of Deposit, and Time Deposits. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

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

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances exceeding uninsured amounts at the balance sheet date.

Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

		Fair Value Measurements Using		
	6/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
US Treasury Notes	\$ 3,790,202	\$ 3,790,202	\$ -	\$ -
Total Investments by Fair Value Level	\$ 3,790,202	\$ 3,790,202	\$ -	\$ -

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance 6/30/22	Additions	Deletions	Balance 6/30/23
<i>Governmental Activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 645,588	\$ -	\$ -	\$ 645,588
Total capital assets not being depreciated	645,588	-	-	645,588
<i>Capital assets, being depreciated:</i>				
Buildings	18,377,157	30,372	(85,101)	18,322,428
Site Improvements	3,576,366	309,187	-	3,885,553
Furniture and Equipment	2,654,368	-	-	2,654,368
Total capital assets, being depreciated	24,607,891	339,559	(85,101)	24,862,349
Total Capital Assets	25,253,479	339,559	(85,101)	25,507,937
<i>Less Accumulated Depreciation:</i>				
Buildings	8,797,901	455,406	(66,661)	9,186,646
Site Improvements	1,340,210	142,035	-	1,482,245
Furniture and Equipment	1,944,943	156,475	-	2,101,418
Total Accumulated Depreciation	12,083,054	753,916	(66,661)	12,770,309
Total Net Capital Assets	\$ 13,170,425	\$ (414,357)	\$ (18,440)	\$ 12,737,628

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 4,866
Vocational instruction	6,013
Physical curriculum	5,577
Co-curricular activities	5,203
Instructional staff services	839
General administration services	123
Building administration services	12,805
Business administration	257,849
Central services	84,856
Food service	1,385
Depreciation not charged to a specific function	374,400
Total depreciation for governmental activities	\$ 753,916

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 5 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has 12 Subscription-Based Information Technology Arrangements (SBITAs) for:

- Various interactive instructional curriculum subscriptions
- A course management system that supports online learning and teaching
- Software monitoring and teacher facilitator application subscription
- A mobile device management solution for education subscription
- A software providing students the ability to create and collaborate videos, podcasts and more
- An antivirus software

The total amount of subscription assets and related accumulated amortization and the amount of subscription liabilities for June 30, 2023 are as follows:

	June 30, 2022	Additions	Subtractions	June 30, 2023	Amounts Due Within One Year
Subscription Assets	\$ 81,913	\$ 4,042	\$ (3,793)	\$ 82,162	
Less: Accumulated Amortization	-	(37,295)	3,793	(33,502)	
Total Subscription Assets, net	\$ 81,913	\$ (33,253)	\$ -	\$ 48,660	
 Subscription Liabilities	\$ 11,602	\$ -	\$ (5,775)	\$ 5,827	\$ 5,827

The total SBITA costs for the year ended June 30, 2023 are as follows:

	June 30, 2023
Amortization expense	\$ 37,295
Interest on lease liabilities	237
Total	\$ 37,532

The future minimum SBITA principal and interest payments under noncancelable contracts with terms greater than one year are listed below as of June 30, 2023:

	Principal	Interest	Total
2024	\$ 5,827	\$ 237	\$ 6,064
	\$ 5,827	\$ 237	\$ 6,064

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 6

SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Notes Payable

There was no short-term notes issued for the year ended June 30, 2023.

B. Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2023 were as follows:

	Beginning 7/1/2022	Increases	Decreases	Balance 6/30/2023	Current Portion
General Obligation Bonds	\$ 3,325,000	\$ 15,000,000	\$ (1,085,000)	\$ 17,240,000	\$ 2,475,000
Unamortized Debt Premium (Discount)	92,724	99,538	(18,545)	173,717	23,522
Sub-Total	3,417,724	15,099,538	(1,103,545)	17,413,717	2,498,522
Compensated Absences	125,970	13,665	-	139,635	-
Governmental Activities Long-Term Liabilities	<u>\$ 3,543,694</u>	<u>\$ 15,113,203</u>	<u>\$ (1,103,545)</u>	<u>\$ 17,553,352</u>	<u>\$ 2,498,522</u>

The obligations for the compensated absences will be paid from the general fund and the food service fund.

Total interest paid and accrued during the year:

	Expense	Paid
Long-term debt	\$ 71,558	\$ 86,008
Totals	<u>\$ 71,558</u>	<u>\$ 86,008</u>

Long-term General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2023 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/23
G.O. Bonds	02/06/17	2.5-2.75%	03/01/27	\$ 2,240,000
G.O. Bonds	06/26/23	4.0-5.0%	03/01/43	15,000,000
Total General Obligation Debt				<u>\$ 17,240,000</u>

The 2022 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$626,911,197. The legal debt limit and margin of indebtedness as of June 30, 2023 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$626,911,197)	\$ 62,691,120
Deduct Long-term Debt Applicable to Debt Margin	<u>(17,240,000)</u>
Margin of Indebtedness	<u>\$ 45,451,120</u>

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 6 SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2023 follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 2,475,000	\$ 494,070	\$ 2,969,070
2025	555,000	603,150	1,158,150
2026	570,000	589,276	1,159,276
2027	250,000	573,600	823,600
2028	590,000	561,100	1,151,100
2029-2033	3,425,000	2,338,450	5,763,450
2034-2038	4,220,000	1,550,800	5,770,800
2039-2043	5,155,000	635,000	5,790,000
Totals	\$ 17,240,000	\$ 7,345,446	\$ 24,585,446

NOTE 7 OTHER LIABILITIES

GASB Statement No. 87, Leases, is in effect for the District’s financial statements for the year ended June 30, 2023. One aspect of implementation of any statement issued by GASB is that the provision of the statement need not be applied to immaterial items. Management of the District evaluated all lease agreements currently in place and made the determination that at the present time, the implementation of GASB 87 would not have a material impact on the District’s financial statements; consequently, GASB 87 was not implemented for the District’s fiscal year ending June 30, 2023. Management will continue to assess the impact that GASB 87 may have on the District’s financial statements in the future, and if determined to be material, the provisions of the statement will be implemented at that time.

The District leases copy machines under one non-cancelable lease. Total lease payment for such leases were approximately \$11,031 for the year ended June 30, 2023. The original cost of the equipment under this lease is \$52,038.

The following is a schedule by years of future minimum lease payments under this lease together with the present value of the net minimum lease payments as of June 30, 2023.

Years Ended June 30,	
2024	\$ 12,489
Sub-Total	12,489
Less: Interest	(751)
Total Minimum Payments	\$ 11,738

NOTE 8 INTERFUND ACTIVITY

During the fiscal year ended June 30, 2023, \$1,430 was transferred from the general fund to the package cooperative fund and \$8,420 was transferred from the debt service fund to the package cooperative fund. The total transfer of \$9,850 to the package cooperative funds was used to cover any costs not covered by direct revenues.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS

A. Wisconsin Retirement System

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

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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

During the reporting period, the WRS recognized \$365,414 in contributions from the employer.

Contribution rates as of June 30, 2023 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a liability of \$1,625,921 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.03069107%, which was a decrease of 0.00036356% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$826,820.

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	\$ 2,589,589	\$ (3,402,139)
Net differences between projected and actual earnings on pension plan investments	2,762,066	-
Changes in assumptions	319,723	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,120	(8,248)
Employer contributions subsequent to the measurement date	256,461	-
Total	\$ 5,947,959	\$ (3,410,387)

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$256,461 reported as deferred outflows of resources 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 (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2024	\$ 94,783
2025	473,271
2026	487,335
2027	1,225,722
Total	\$ 2,281,111

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
	January 1, 2018 - December 31 2020
Experience Study:	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
Post-Retirement Adjustments*	1.7%*

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

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.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS (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:

Asset Allocation Targets and Expected Returns¹
As of December 31, 2022

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Public Equity	48	7.6	5.0
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ³	<u>115</u>	7.4	4.8
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	<u>100</u>	7.7	5.1

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Discount Rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Deerfield Community School District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District's proportionate share of the net pension liability (asset)	\$ 5,396,382	\$ 1,625,921	\$ (967,831)

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>.

B. Supplemental Pension Benefits

The District accounts for supplemental pension benefits under GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68.

Plan Description and Vesting. The District operates a single-employer retiree benefit plan that provides a supplemental pension benefit for eligible administrative employees, if he/she is at least fifty-five (55) years of age and has been employed as an administrator of the district for at least (10) years prior to retirement and for non-union support staff, if he/she is at least sixty (60) years of age and has been employed by the District for fifteen (15) years upon retirement.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Funding Policy. Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all pension/retirement benefits. The employer makes all contributions. Benefits payments of \$20,000 were made during the reporting period.

Benefits Provided. Benefits and eligibility for teachers are established and amended through collective bargaining with the recognized bargaining agent for each group; and include postemployment health coverage. Benefits and eligibility for administrators and general support staff are established and amended by the governing body. Current approved benefits are as follows:

Superintendent & Administrators: At least age 55 with a minimum of 10 years of service:

The District shall provide \$2,000 (years 1-10) or \$3,000 (years 11+) for each full year of service, paid out in three equal installments over three years into a non-sheltered annuity (TSA).

Current Teachers: At least age 55 (on or before August 31 of that year) with a minimum of 15 years of service:

The District shall provide up to \$1,000 for each full year of service (pro-rated annually based on FTE), up to the maximum of \$30,000, paid out in three equal installments over three years into a tax-sheltered annuity (TSA).

Non-Union Support Staff: At least age 60 with a minimum of 15 years of service:

The District shall provide \$1,000 for each full year of service (pro-rated annually based on FTE), up to the maximum of \$15,000, paid out in three equal installments over three years into a tax-sheltered annuity (TSA)

There are 82 active employees and 1 retiree in the plan as of the measurement date of July 1, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions. For the year ended June 30, 2023, the District recognized a supplemental pension expense of \$33,353.

Below is a schedule of changes in the total pension liability for the current reporting period (measurement date July 1, 2022):

Beginning Balance: 6/30/21	\$ 574,996
Changes for the Year:	
Service Costs	32,433
Interest	12,547
Changes of Assumptions or Other Input	(44,405)
Benefit Payments	(20,000)
Net Changes	(19,425)
Ending Balance: 6/30/22	\$ 555,571

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 7,401	\$ (140,557)
Changes of assumptions	48,060	(48,632)
District contributions subsequent to the measurement date	20,000	-
Total	\$ 75,461	\$ (189,189)

At June 30, 2023, the District reported deferred outflows of resources related to the supplemental pension plan for contributions after the measurement date of \$20,000. It will be recognized as a reduction of the total supplemental pension benefits liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to supplemental pension benefits will be recognized in future supplemental pension benefits expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2024	\$ (11,627)
2025	(11,627)
2026	(11,631)
2027	(12,581)
2028	(12,581)
Thereafter	(73,681)
Total	\$ (133,728)

Actuarial Assumptions. The total pension liability in the July 1, 2022 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	July 1, 2021
Measurement Date of Total Pension Liability	July 1, 2022
Discount Rate*:	3.80%
Projected salary increases	3.2% - 8.6% depending on service years

* The discount rate was changed to be reflective of a 20-year AA municipal bond rate (3.80%) as of the measurement date.

Mortality assumptions are based upon the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Discount Rate. A single discount rate of 3.80% (based upon all years of projected payments discounted at a municipal bond rate of 3.80%) was used in this valuation in calculating the supplemental pension liability. It was assumed that the District would continue to fund its retiree benefits out of its general fund assets on a pay-as-you-go basis.

Sensitivity of the District's Total Supplemental Pension Liability to Changes in the Discount Rate. The following presents the District's total supplemental pension liability calculated using the discount rate of 3.80 percent, as well as what the District's total supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80 percent) or 1-percentage-point higher (4.80 percent) than the current rate:

	1% Decrease to Discount Rate (2.8%)	Current Discount Rate (3.8%)	1% Increase to Discount Rate (4.8%)
Total Supplemental Pension Liability	\$586,938	\$555,571	\$525,202

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS

The District accounts for other postemployment benefits under GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.

A. District Sponsored Other Postemployment Benefits (OPEB)

Plan Description. The District operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. There are 114 active members in the plan, 3 retired members and 3 spouses / beneficiaries in the plan.

Funding Policy. The District has not established a trust to fund its OPEB liabilities. The District will fund the policy on a pay-as-you-go basis.

Benefits Provided. Benefits and eligibility for teachers are established and amended through collective bargaining with the recognized bargaining agent for each group; and include postemployment health coverage. Benefits and eligibility for administrators and general support staff are established and amended by the governing body. All employees who are at least age 55 and are on the District's medical insurance plan in his/her final year of employment, upon retirement, may choose to self-pay the full (100%) amount of required premiums to remain on the District's medical plan indefinitely, provided the retiree pays all required premiums.

The plans has the following subsidized benefits:

- One grandfathered principal is receiving the District paid family medical premiums and the District paid contributions of \$4,000 per year to an HAS/HRA account until June 2025 (when the participant attains age 66).
- Two grandfathered teachers are receiving the District paid medical premiums and contributions to HAS/HRA accounts. These payments are ending when the participants attain age 65.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees covered by Benefit Terms. At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	114
	120
	120

Total OPEB Liability. The District's total OPEB Liability of \$339,495 was measured at July 1, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the July 1, 2022 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

Inflation	2.50 percent	
Salary increases	5.52 percent, average, including inflation	
Discount rate	3.80 percent	
Healthcare cost trend rates	6.25 percent decreasing to 5.00% and then to 4.00%	
Retirees' share of benefit-related costs	30-100 percent of projected health insurance premiums for retirees	

The discount rate was changed to be reflective of a 20-year AA municipal bond rate (3.80%) as of the measurement date.

Mortality assumptions are based upon the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.

Changes in the Total OPEB Liability – As of Measurement Date

	<u>Total OPEB Liability</u>
Balance at 6/30/2021	\$ 395,562
Changes for the year:	
Service cost	27,512
Interest	8,267
Plan Changes	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(32,753)
Benefit payments	(59,093)
Net Changes	(56,067)
Balance at 6/30/2022	\$ 339,495

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80 percent) or 1-percentage-point higher (4.80 percent) than the current discount rate:

	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
Total OPEB Liability	<u>\$ 362,404</u>	<u>\$ 339,495</u>	<u>\$ 317,893</u>

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates. The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.25 percent decreasing to 4.0 percent and then to 3.0%) or 1-percentage-point higher (7.25 percent decreasing to 6.0 percent and then to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (5.25% decreasing to 4.0%, then 3.0%)	Healthcare Cost Trend Rates (6.25% decreasing to 5.0%, then 4.0%)	1% Increase (7.25% decreasing to 6.0%, then 5.0%)
Total OPEB Liability	<u>\$ 304,347</u>	<u>\$ 339,495</u>	<u>\$ 380,893</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2023, the District recognized a OPEB expense of \$27,613. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Gain / Loss</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 44,736	\$ (86,209)
Changes of assumptions or other inputs	60,222	(76,138)
District contributions subsequent to the measurement date	32,429	-
Total	<u>\$ 137,387</u>	<u>\$ (162,347)</u>

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

\$32,429 reported as deferred outflows related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2024	\$ (8,166)
2025	(8,166)
2026	(8,166)
2027	(8,166)
2028	(8,170)
Thereafter	(16,555)
Total	<u>\$ (57,389)</u>

B. Local Retiree Life Insurance Fund

Plan Description. The Local Retiree Life Insurance Fund (LRLIF) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible members.

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

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

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

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contribution rates as of June 30, 2023 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of Member Contribution

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

Life Insurance		
Member Contribution Rates*		
For the year ended December 31, 2022		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$2,039 in contributions from the employer.

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

At June 30, 2023, the District reported a liability of \$387,219 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.101637%, which was an increase of 0.003139% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$42,373.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (37,895)
Net differences between projected and actual earnings on plan investments	7,266	-
Changes in actuarial assumptions	139,119	(228,565)
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,513	(7,765)
Employer contributions subsequent to the measurement date	1,102	-
Totals	\$ 172,000	\$ (274,225)

\$1,102 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2024	\$ (4,272)
2025	(8,072)
2026	(3,226)
2027	(20,659)
2028	(34,085)
Thereafter	(33,013)
Total	\$ (103,327)

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions. The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Based on the Bond Buyers GO index.

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 OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	50%	2.45%
US Mortgages	Bloomberg US MBS	50%	2.83%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

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

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

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the District’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.76 percent, as well as what the District’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
District's proportionate share of the net OPEB liability (asset)	\$ 527,933	\$ 387,219	\$ 279,379

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 11 GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2023 include the following:

Nonspendable:	
Prepaid items	<u>\$ 5,653</u>
Restricted for:	
Debt service payments	\$ 992,536
Food service activities	107,694
Donor restricted	227,337
Capital projects	16,888,811
Community service activities	126,584
Self insurance	86,335
Unspent common school fund	11,571
Total restricted fund balance	<u>\$ 18,440,868</u>

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 13 LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

NOTE 14 SELF-FUNDED INSURANCE PROGRAM

The District established a self-funded dental benefit plan (the “Plan”) for its employees. The Plan administrator is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30th.

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, Food Service Fund, and the Community Service Fund of the District. The District has no stop-loss coverage for dental care coverage of the Plan.

Deerfield Community School District
Notes to the Basic Financial Statements
June 30, 2023

NOTE 14 SELF-FUNDED INSURANCE PROGRAM (CONTINUED)

At June 30, 2023, the District has reported a liability of \$22,675, which represents reported and unreported claims which were incurred on or before June 30, 2023, but were not paid by the District as of that date. Incurred but not reported (IBNR) claims consist of claims reported to the Plan Administrator but not the District and claims which were not yet reported to either the Plan Administrator or the District.

	Accrued Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Accrued Balance at End of Year
2020-2021	\$ 20,035	\$ 114,512	\$ 119,996	\$ 14,551
2021-2022	14,551	128,842	125,836	17,557
2022-2023	17,557	140,280	135,162	22,675

NOTE 15 EFFECT ON NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for periods beginning after June 15, 2023 and GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023. When these become effective, application of these standards may restate portions of these financial statements.

NOTE 16 SUBSEQUENT EVENTS AND COMMITMENTS

Passed Referendums

Deerfield Community School District had a successful referendum passed on April 4th, 2023 for \$49,700,000 to be used for renovating and building additions to the existing Deerfield High School. Deerfield has a contract with an architect company for the design and construction of the upcoming renovations. The District has a contract with an engineering company for the upcoming renovations in the amount of \$16,192.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
Required Supplementary Information
Deerfield Community School District
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances	
				Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
Revenues:					
Property taxes	\$ 3,488,825	\$ 3,488,825	\$ 3,488,825	\$ -	\$ -
Other local sources	103,000	103,000	160,268	57,268	57,268
Interdistrict sources	657,091	657,091	664,589	7,498	7,498
Intermediate sources	-	-	2,796	2,796	2,796
State sources	5,835,056	5,835,056	5,823,641	(11,415)	(11,415)
Federal sources	472,849	472,849	489,327	16,478	16,478
Other sources	25,000	25,000	29,849	4,849	4,849
Total Revenues	10,581,821	10,581,821	10,659,295	77,474	77,474
Expenditures:					
Current:					
Instruction:					
Regular instruction	4,124,143	4,124,143	4,151,125	(26,982)	(26,982)
Vocational instruction	283,372	283,372	293,050	(9,678)	(9,678)
Special instruction	34,477	34,477	32,114	2,363	2,363
Other instruction	509,208	509,208	500,927	8,281	8,281
Total instruction	4,951,200	4,951,200	4,977,216	(26,016)	(26,016)
Support Services:					
Pupil services	403,761	403,761	387,883	15,878	15,878
Instructional staff services	408,045	408,045	348,495	59,550	59,550
General administration services	496,477	496,477	437,773	58,704	58,704
Building administration services	419,019	419,019	418,140	879	879
Business administration	1,511,696	1,511,696	1,518,847	(7,151)	(7,151)
Central services	201,632	201,632	192,317	9,315	9,315
Insurance	104,592	104,592	103,958	634	634
Other support services	805,729	805,729	886,843	(81,114)	(81,114)
Total support services	4,350,951	4,350,951	4,294,256	56,695	56,695
Total Current Expenditures	9,302,151	9,302,151	9,271,472	30,679	30,679
Capital Outlay	97,134	97,134	160,844	(63,710)	(63,710)
Debt Service	12,489	12,489	22,306	(9,817)	(9,817)
Total Expenditures	9,411,774	9,411,774	9,454,622	(42,848)	(42,848)
Excess (deficiency) of revenues over expenditures	1,170,047	1,170,047	1,204,673	34,626	34,626
Other Financing Sources (Uses):					
Proceeds from SBITA	-	-	11,602	11,602	11,602
Transfers out	(1,320,036)	(1,320,036)	(1,254,322)	65,714	65,714
Total Other Financing Sources (Uses)	(1,320,036)	(1,320,036)	(1,242,720)	77,316	77,316
Net Change in Fund Balance	(149,989)	(149,989)	(38,047)	111,942	111,942
Fund Balance-beginning of year	2,008,723	2,008,723	2,008,723	-	-
Prior period adjustment -SBITA	-	-	70,311	70,311	70,311
Net position - beginning of year - restated	2,008,723	2,008,723	2,079,034	70,311	70,311
Fund Balance-end of year	\$ 1,858,734	\$ 1,858,734	\$ 2,040,987	\$ 111,942	\$ 111,942

See accompanying notes to the required supplementary information.

Exhibit B-2
Required Supplementary Information
Deerfield Community School District
Budgetary Comparison Schedule for the Special Education Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
Revenues:					
Interdistrict sources	\$ 8,397	\$ 8,397	\$ 10,713	\$ 2,316	\$ 2,316
State sources	413,566	413,566	535,230	121,664	121,664
Federal sources	299,410	299,410	254,878	(44,532)	(44,532)
Total Revenues	<u>721,373</u>	<u>721,373</u>	<u>800,821</u>	<u>79,448</u>	<u>79,448</u>
Expenditures:					
Current:					
Instruction:					
Special instruction	<u>1,448,197</u>	<u>1,448,197</u>	<u>1,415,848</u>	<u>32,349</u>	<u>32,349</u>
Total instruction	<u>1,448,197</u>	<u>1,448,197</u>	<u>1,415,848</u>	<u>32,349</u>	<u>32,349</u>
Support Services:					
Pupil services	323,031	323,031	291,774	31,257	31,257
Instructional staff services	104,649	104,649	127,765	(23,116)	(23,116)
Business administration	71,595	71,595	118,793	(47,198)	(47,198)
Other support services	<u>79,500</u>	<u>79,500</u>	<u>99,533</u>	<u>(20,033)</u>	<u>(20,033)</u>
Total support services	<u>578,775</u>	<u>578,775</u>	<u>637,865</u>	<u>(59,090)</u>	<u>(59,090)</u>
Total Current Expenditures	<u>2,026,972</u>	<u>2,026,972</u>	<u>2,053,713</u>	<u>(26,741)</u>	<u>(26,741)</u>
Total Expenditures	<u>2,026,972</u>	<u>2,026,972</u>	<u>2,053,713</u>	<u>(26,741)</u>	<u>(26,741)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,305,599)</u>	<u>(1,305,599)</u>	<u>(1,252,892)</u>	<u>52,707</u>	<u>52,707</u>
Other Financing Sources (Uses):					
Transfer from general fund	<u>1,305,599</u>	<u>1,305,599</u>	<u>1,252,892</u>	<u>(52,707)</u>	<u>(52,707)</u>
Total Other Financing Sources (Uses)	<u>1,305,599</u>	<u>1,305,599</u>	<u>1,252,892</u>	<u>(52,707)</u>	<u>(52,707)</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance-beginning of year	-	-	-	-	-
Fund Balance-end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information.

Exhibit B-3
Required Supplementary Information
Deerfield Community School District
Schedules of Changes in the District's Total OPEB Liability,
Other Pension Benefits, and Related Ratios
June 30, 2023

<u>Other Postemployment Benefits *</u>								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total OPEB Liability - Health Insurance								
Service costs	\$ 27,512	\$ 33,290	\$ 28,542	\$ 28,940	\$ 30,108	\$ 16,493	\$ 15,142	\$ 15,142
Interest	8,267	10,815	15,314	20,252	19,585	8,565	13,073	16,434
Changes in benefit terms	-	(72,961)	-	-	-	313,875	-	-
Differences between expected and actual experience	-	(15,596)	-	(116,411)	-	98,424	-	-
Changes of assumptions or other inputs	(32,753)	29,076	38,977	14,552	(8,248)	(93,557)	4,247	-
Benefit payments	(59,093)	(72,478)	(45,384)	(53,919)	(66,830)	(86,258)	(106,197)	(136,210)
Net change in total OPEB	(56,067)	(87,854)	37,449	(106,586)	(25,385)	257,542	(73,735)	(104,634)
Total OPEB Liability- Beginning	395,562	483,416	445,967	552,553	577,938	320,396	394,131	498,765
Total OPEB Liability- Ending	<u>\$ 339,495</u>	<u>\$ 395,562</u>	<u>\$ 483,416</u>	<u>\$ 445,967</u>	<u>\$ 552,553</u>	<u>\$ 577,938</u>	<u>\$ 320,396</u>	<u>\$ 394,131</u>
Covered Employee Payroll	<u>\$ 5,518,734</u>	<u>\$ 5,357,994</u>	<u>\$ 5,177,604</u>	<u>\$ 5,177,604</u>	<u>\$ 4,102,104</u>	<u>\$ 4,102,104</u>	<u>\$ 563,959</u>	<u>\$ 563,959</u>
Total OPEB liability as a percentage of covered-employee payroll	6.15%	7.38%	9.34%	8.61%	13.47%	14.09%	56.81%	69.89%

<u>Other Pension Benefits*</u>								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total supplemental pension stipend benefits								
Service Costs	\$ 32,433	\$ 40,424	\$ 46,011	\$ 28,940	\$ 52,588	\$ 23,411	\$ 21,383	\$ 21,383
Interest	12,547	16,791	21,751	24,900	22,051	6,539	7,362	6,961
Changes of Benefit Terms	-	(96,247)	-	-	-	373,361	-	-
Differences Between Expected and Actual Experiences	-	(86,039)	-	(94,860)	-	12,957	-	-
Changes of Assumptions or Other Inputs	(44,405)	(734)	52,430	5,611	(10,480)	(504)	9,536	-
Benefit Payments	(20,000)	(10,000)	(15,667)	(15,667)	(21,100)	(15,434)	(19,876)	(15,434)
Net Changes in total supplemental pension stipend benefits	(19,425)	(135,805)	104,525	(51,076)	43,059	400,330	18,405	12,910
Total supplemental pension stipend benefits - Beginning	574,996	710,801	606,276	657,352	614,293	213,963	195,558	182,648
Total supplemental pension stipend benefits - Ending	<u>\$ 555,571</u>	<u>\$ 574,996</u>	<u>\$ 710,801</u>	<u>\$ 606,276</u>	<u>\$ 657,352</u>	<u>\$ 614,293</u>	<u>\$ 213,963</u>	<u>\$ 195,558</u>
Covered Employee Payroll	<u>\$ 4,666,368</u>	<u>\$ 4,530,454</u>	<u>\$ 4,213,179</u>	<u>\$ 4,213,179</u>	<u>\$ 4,050,404</u>	<u>\$ 4,050,404</u>	<u>\$ 449,283</u>	<u>\$ 449,283</u>
Total supplemental pension stipend benefits as a percentage of covered-employee payroll	11.91%	12.69%	16.87%	14.39%	16.23%	15.17%	47.62%	43.53%

* Date shown above is as of the measurement date.

See accompanying notes to the required supplementary information.

Exhibit B-4
Required Supplementary Information
Deerfield Community School District
Local Retiree Life Insurance Fund Schedules
June 30, 2023

Schedule of District's Proportionate Share of the Net OPEB Liability
(Asset) As of the Measurement Date
Last 10 Years*

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Collective net OPEB liability (asset) as a percentage of District's covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2022	0.10163700%	\$ 387,219	\$ 5,190,000	7.46%	38.81%
2021	0.09849800%	582,160	5,133,000	11.34%	29.57%
2020	0.09580600%	527,002	4,961,000	10.62%	31.36%
2019	0.09753000%	415,302	4,982,000	8.34%	37.58%
2018	0.10104000%	260,717	5,003,000	5.21%	48.69%
2017	0.09971800%	300,010	4,193,427	7.15%	44.81%

* The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

Schedule of District's Contributions
Last 10 Years**

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2023	\$ 2,204	\$ (2,204)	\$ -	\$ 5,508,850	0.04%
2022	2,028	(2,028)	-	5,348,417	0.04%
2021	1,884	(1,884)	-	5,013,707	0.04%
2020	1,918	(1,918)	-	4,987,224	0.04%
2019	1,915	(1,915)	-	5,122,142	0.04%
2018	1,942	(1,942)	-	5,089,489	0.04%

**The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

See accompanying notes to the required supplementary information.

Exhibit B-5
Required Supplementary Information
Deerfield Community School District
Wisconsin Retirement System Schedules
June 30, 2023

Schedule of Proportionate Share of the Net Pension Liability
(Asset) As of the Measurement Date
Last 10 Years*

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of District's covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2022	0.03069107%	\$ 1,625,921	\$ 5,621,755	28.92%	95.72%
2021	0.03105463%	(2,503,060)	5,305,948	-47.17%	106.02%
2020	0.03183062%	(1,987,229)	5,057,751	-39.29%	105.26%
2019	0.03321999%	(1,071,164)	5,157,147	-20.77%	102.96%
2018	0.03355678%	1,193,845	5,092,821	23.44%	96.45%
2017	0.03373165%	(1,001,532)	5,103,004	-19.63%	102.93%
2016	0.03345089%	275,715	4,794,722	5.75%	99.12%
2015	0.03423503%	556,313	4,777,591	11.64%	98.20%
2014	0.03535561%	(868,192)	4,695,918	-18.49%	102.74%

* The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

Schedule of District's Contributions
For the Year Ended
Last 10 Years**

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2023	\$ 396,380	\$ (396,380)	\$ -	\$ 5,924,085	6.69%
2022	362,436	(362,436)	-	5,497,914	6.59%
2021	343,302	(343,302)	-	5,085,950	6.75%
2020	344,645	(344,645)	-	5,162,555	6.68%
2019	338,318	(338,318)	-	5,122,142	6.61%
2018	342,871	(342,871)	-	5,089,489	6.74%
2017	335,524	(335,524)	-	4,985,887	6.73%
2016	320,116	(320,116)	-	4,796,904	6.67%
2015	326,693	(326,693)	-	4,753,247	6.87%

**The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

See accompanying notes to the required supplementary information.

Deerfield Community School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

NOTE 1

BUDGET SCHEDULE

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the two-digit subfunction level for the general fund and at the one-digit function level for all other funds.

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

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

The District is legally required by the State of Wisconsin to maintain and budget separately for a Special Education Fund. The Special Education Fund is combined with the General Fund in the basic financial statements. Due to the perspective differences in budgeting, the required supplementary information reports the budgetary comparison information separately for the General Fund and the Special Education Fund.

Except as noted in the previous paragraph, annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds.

Appropriations lapse at year-end unless authorized as a carryover by the School Board.

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions/subfunctions had an excess of actual expenditures over budget for the year ended June 30, 2023.

Fund	Excess Expenditures
General Fund:	
Regular Instruction	\$ 26,982
Vocational Instruction	9,678
Business Administration	7,151
Debt Service	9,817
Other Support Services	81,114
Capital Outlay	63,710
Special Education Fund:	
Instructional Staff Services	23,116
Business Administration	47,198
Other Support Services	20,033

Deerfield Community School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

NOTE 3

EXPLANATIONS OF DIFFERENCES BETWEEN BUDGETARY
INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 10,659,295	\$ 800,821
Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting	800,821	(800,821)
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 11,460,116	\$ -
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 9,454,622	\$ 2,053,713
Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	2,053,713	(2,053,713)
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 11,508,335	\$ -

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 1 preceding year.

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

Deerfield Community School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

Changes of Assumptions.

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

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

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

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

Deerfield Community School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

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

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

Deerfield Community School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

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

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

Deerfield Community School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

NOTE 5

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 4 preceding years.

Benefit Terms. There were no recent changes in benefit terms.

Assumptions. In addition to the rate changes detailed in Note 10(B), the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

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

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

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

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

NOTE 6

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 2 preceding years.

Changes of Benefit Terms. There were no changes of benefit terms since the prior valuation.

Changes of Assumptions. The following changes in assumptions were made for the year ended June 30, 2023:

- The inflation rate was changed from 2.00% to 2.5%
- The discount rate was changed from 2.10% to 3.80%

Assets. There are no assets accumulated in a trust that meet the criteria in Governmental Accounting Standards to pay related benefits.

Deerfield Community School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

NOTE 7

SUPPLEMENTAL PENSION SCHEDULES

Governmental Accounting Standards Board Statement No. 73 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 2 preceding years.

Changes of Benefit Terms. There were no changes of benefit terms since the prior valuation.

Changes of Assumptions. The following changes in assumptions were made for the year ended June 30, 2023:

- The inflation rate was changed from 2.00% to 2.5%
- The discount rate was changed from 2.10% to 3.80%

Assets. There are no assets accumulated in a trust that meet the criteria in Governmental Accounting Standards to pay related benefits.

SUPPLEMENTARY INFORMATION

Exhibit C-1
Deerfield Community School District
Combining Balance Sheet Nonmajor
Governmental Funds June 30, 2023

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Service	Community Service	Special Revenue Trust	
ASSETS				
Cash and investments	\$ 125,993	\$ 127,271	\$ 230,196	\$ 483,460
Accounts receivable	6,278	45	-	6,323
Prepaid expenditures	-	-	5,653	5,653
Total Assets	<u>\$ 132,271</u>	<u>\$ 127,316</u>	<u>\$ 235,849</u>	<u>\$ 495,436</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,351	\$ -	\$ 2,859	\$ 8,210
Accrued salaries and wages	3,517	587	-	4,104
Payroll taxes and withholdings	3,100	145	-	3,245
Food service deposits	12,609	-	-	12,609
Total Liabilities	<u>24,577</u>	<u>732</u>	<u>2,859</u>	<u>28,168</u>
Fund Balances:				
Nonspendable	-	-	5,653	5,653
Restricted for:				
Community service	-	126,584	-	126,584
Food service	107,694	-	-	107,694
Trust	-	-	227,337	227,337
Total Restricted Fund Balances	<u>107,694</u>	<u>126,584</u>	<u>227,337</u>	<u>461,615</u>
Total Fund Balances	<u>107,694</u>	<u>126,584</u>	<u>232,990</u>	<u>467,268</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 132,271</u>	<u>\$ 127,316</u>	<u>\$ 235,849</u>	<u>\$ 495,436</u>

Exhibit C-2
Deerfield Community School District
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Special Revenue Trust	Total Nonmajor Governmental Funds
	Food Service	Community Service	Package Cooperative		
REVENUES:					
Other local sources	\$ 275,943	\$ 1,010	\$ -	\$ 197,047	\$ 474,000
Interdistrict sources	-	-	11,748	-	11,748
State sources	5,632	-	-	-	5,632
Federal sources	205,668	-	-	-	205,668
Total Revenues	<u>487,243</u>	<u>1,010</u>	<u>11,748</u>	<u>197,047</u>	<u>697,048</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	-	-	-	8,592	8,592
Vocational instruction	-	-	-	729	729
Other instruction	-	-	18,469	139,056	157,525
Total Instruction	<u>-</u>	<u>-</u>	<u>18,469</u>	<u>148,377</u>	<u>166,846</u>
Support Services:					
Instructional staff services	-	-	-	903	903
Business administration	-	-	3,129	13,064	16,193
Food services	495,401	-	-	-	495,401
Community services	-	11,244	-	-	11,244
Other support services	-	-	-	6,000	6,000
Total Support Services	<u>495,401</u>	<u>11,244</u>	<u>3,129</u>	<u>19,967</u>	<u>529,741</u>
Total Current Expenditures	<u>495,401</u>	<u>11,244</u>	<u>21,598</u>	<u>168,344</u>	<u>696,587</u>
Capital Outlay	-	-	-	16,700	16,700
Total Expenditures	<u>495,401</u>	<u>11,244</u>	<u>21,598</u>	<u>185,044</u>	<u>713,287</u>
Excess (deficiency) of revenues over expenditures	<u>(8,158)</u>	<u>(10,234)</u>	<u>(9,850)</u>	<u>12,003</u>	<u>(16,239)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	9,850	-	9,850
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,850</u>	<u>-</u>	<u>9,850</u>
Net Change in Fund Balances	(8,158)	(10,234)	-	12,003	(6,389)
Fund Balances-beginning of year	115,852	136,818	-	220,987	473,657
Fund Balances-end of year	<u>\$ 107,694</u>	<u>\$ 126,584</u>	<u>\$ -</u>	<u>\$ 232,990</u>	<u>\$ 467,268</u>

Exhibit C-3
Deerfield Community School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Administering Agency Pass-Through Agency Award Description	Assistance Listing Number	Pass-through Entity ID Number	Receivable July 1, 2022	Receipts	Expenditures	Receivable June 30, 2023
<i>U.S. DEPARTMENT OF AGRICULTURE</i>						
Wisconsin Department of Public Instruction:						
Food Distribution	10.555	Not Available	\$ -	\$ 45,021	\$ 45,021	\$ -
Food Service National School Lunch	10.555	2023-131309-DPI-NSL-547	-	160,647	160,647	-
Total Child Nutrition Cluster			-	205,668	205,668	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	205,668	205,668	-
<i>U.S. DEPARTMENT OF EDUCATION</i>						
Wisconsin Department of Public Instruction:						
Title I - Part A	84.010A	2023-131309-DPI-TI-A-141	19,790	46,250	26,460	-
Title IV - Part A	84.424A	2023-131309-DPI-TIV-A-381	-	22,498	22,498	-
Title II - Part A	84.367A	2023-131309-DPI-TIIA-365	9,598	22,610	13,012	-
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	2022-131309-DPI-ESSERFII-163	-	148,724	148,724	-
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425U	2022-131309-DPI-ESSERFIII-165	-	45,098	45,098	-
COVID-19 EBIS Grant	84.425U	2022-131309-DPI-EBIS-165	-	110,619	110,619	-
COVID-19 LETRS Grant	84.425U	2023-131309-DPI-LETRS-165	-	870	870	-
Total 84.425 Education Stabilization Fund (ESF)			-	305,311	305,311	-
Special Education Cluster:						
IDEA - Flow-through	84.027A	2023-131309-DPI-FLOW-341	65,443	169,687	190,263	86,019
IDEA - Preschool	84.173A	2023-131309-DPI-PRESCH-347	1,240	1,240	5,114	5,114
Total Special Education Cluster			66,683	170,927	195,377	91,133
Total Wisconsin Department of Public Instruction			96,071	567,596	562,658	91,133
Passed through Johnson Creek School District						
Carl Perkins CTE	84.048	2023-131309-DPI-CTE-400	-	3,494	3,494	-
TOTAL U.S. DEPARTMENT OF EDUCATION			96,071	571,090	566,152	91,133
<i>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>						
CESA #2:						
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Available	-	2,796	2,796	-
Wisconsin Department of Health Services:						
School Based Services	93.778	Not Available	-	93,515	93,515	-
Total Wisconsin Department of Health Services			-	93,515	93,515	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	96,311	96,311	-
TOTALS			\$ 96,071	\$ 873,069	\$ 868,131	\$ 91,133

See notes to Schedules of Expenditures of Financial Awards.

Exhibit C-4
Deerfield Community School District Schedule of
Expenditures of State Awards
For the Year Ended June 30, 2023

Administering Agency Pass-Through Agency Award Description	State I.D. Number	Entity ID Number	Receivable July 1, 2022	Receipts	Expenditures	Receivable June 30, 2023	Pass-through to Subrecipients
<i>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</i>							
<i>Major State Programs:</i>							
Equalization Aids	255.201	131309-116	\$ -	\$ 5,089,176	\$ 5,089,176	\$ -	\$ -
Per Pupil Adjustment Aid	255.945	131309-113	-	549,080	549,080	-	-
Total - Major State Programs			-	5,638,256	5,638,256	-	-
<i>Nonmajor State Programs:</i>							
Special Education and School Age Parents	255.101						
Direct State Payments		131309-100	-	516,099	516,099	-	-
Pass through School District of Cambridge		Not Available	-	10,713	10,713	-	-
Transit of State Aid		Not Available	-	10,713	10,713	-	-
Total Special Education and School Age Parents Program			-	526,812	526,812	-	-
Per Pupil Aid	255.945	131309-113	-	3,975	3,975	-	-
State School Lunch Aid	255.102	131309-107	-	1,658	1,658	-	-
Alcohol and Other Drug Abuse	255.306	131309-143	8,000	16,000	8,000	-	3,750
Common School Fund Library Aid	255.103	131309-104	-	40,611	40,611	-	-
High Cost Special Education Aid	255.210	131309-119	-	11,487	11,487	-	-
Gen Trans Aid for Public and NP Sch Pupils	255.107	131309-102	-	569	569	-	-
Educator Effective Aval Sys Grants Public	255.940	131309-154	-	6,241	6,241	-	-
Assessments of Reading Readiness	255.956	131309-166	-	6,880	6,880	-	-
Aid for Special Education Transition Grant BBL	255.960	131309-168	-	1,182	1,182	-	-
Special Education Transition Readiness Grant	255.257	131309-174	-	7,643	7,643	-	-
Career and Technical Education Incentive Grants	255.950	131309-152	8,439	11,967	3,528	-	-
School Based Mental Health Services	255.297	131309-177	15,955	97,674	81,719	-	24,666
Total - Nonmajor State Programs			32,394	732,699	700,305	-	28,416
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			32,394	6,370,955	6,338,561	-	28,416
TOTALS			\$ 32,394	\$ 6,370,955	\$ 6,338,561	\$ -	\$ 28,416

See notes to Schedules of Expenditures of Financial Awards.

Deerfield Community School District
Notes to Schedules of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

NOTE 1 REPORTING ENTITY

The accompanying schedules of expenditures of Federal and State Awards include the federal and state grant activity of the Deerfield Community School District.

NOTE 2 BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards include the federal and state grant activity of the Deerfield Community School District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2022-2023 eligible costs under the State Special Education Program are \$1,758,286.

NOTE 4 MEDICAL ASSISTANCE

Expenditures presented for the Medicaid SBS Benefit represent only the federal funds for the program that the District receives from DHS. District records should be consulted to determine the total amount expended for this program.

NOTE 5 FOOD DISTRIBUTION

The District received commodities totaling \$45,021 that is reflected as part of the activity in program Assistance Listing #10.555.

NOTE 6 DE MINIMIS COST RATE

The District did not elect to use the 10% de minimis indirect cost rate.

NOTE 7 SUBRECIPIENTS

The District did not pass-through any federal awards to subrecipients.



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

Board of Education
Deerfield Community School District
Deerfield, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Deerfield Community School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Deerfield Community School District's basic financial statements, and have issued our report thereon dated November 27, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2023-001 that we consider to be a significant deficiency.



Report on Compliance and Other Matters

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

Deerfield Community School District's Response to Findings

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

Purpose of This Report

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
November 27, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

Board of Education
Deerfield Community School District
Deerfield, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Deerfield Community School District's ("District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.



Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item #2023-002. Our opinion on each major federal and state program is not modified with respect to this matter.

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



Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items #2023-001 and #2023-002, to be significant deficiencies.

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

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

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
November 27, 2023

Deerfield Community School District
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? _____ Yes X No
- Significant deficiency (ies) identified that are not considered to be material weaknesses? X Yes _____ None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

- Material Weakness(es) identified? _____ Yes X No
- Significant deficiency (ies) identified that are not considered to be material weaknesses? X Yes _____ None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? X Yes _____ No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition Cluster
84.425	Education Stabilization Fund (ESF)

Dollar threshold for distinguishing Types A and B programs: \$750,000

Auditee qualified as low-risk auditee? No

State Awards

Internal Control over major programs:

- Material Weakness(es) identified? _____ Yes X No
- Significant deficiency (ies) identified that are not considered to be material weaknesses? X Yes _____ None Reported

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

Deerfield Community School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results (Continued)

Any audit findings disclosed that are required to be reported in accordance with the Wisconsin Public School District Audit Manual or State Single Audit Guidelines? ___ Yes X No

Identification of major programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.201	General Equalization Aid
255.297	School Based Mental Health Services

Dollar threshold for distinguishing Types A and B programs: \$250,000

Deerfield Community School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II – Financial Statement Findings

Finding #2023-001 – Lack of Segregation of Duties

Criteria: Internal controls should be in place that provide adequate segregation of duties and reduce overlapping accounting functions, especially in cash receipts and disbursements. In addition, those functions should be segregated from those overseeing overall finances.

Condition: The responsibility for the District’s bookkeeping and accounting functions is assumed by a limited number of individuals. The Business Manager enters and approves journal entries and reconciles all bank accounts.

Cause: The District has determined that hiring additional staff to perform separate accounting duties would be too costly and not an effective use of resources.

Effect: Because of the lack of segregation of duties, errors or irregularities could occur and not be detected on a timely basis.

Recommendation: The District should be aware of the need for separation of duties and provide for as much separation of duties as feasible in the circumstances.

Response: Management of the District is aware that the current number of accounting staff does not allow for full segregation of duties. Segregation of duties is enhanced whenever possible and the Board of Education and management assumes an active roll through monthly review of receipts and disbursements and monthly financial reports. The Superintendent and Business Manager are in constant communication regarding the District’s finances. The Superintendent is not involved in processing day to day financial transactions.

Section III - Federal Awards Findings

See Finding #2023-001 noted in Section II.

Finding #2023-002 – #84.425D COVID-19 Elementary and Secondary School Emergency Relief Fund II

Federal Grantor: U.S. Department of Education

Pass-through Award Number: 2022-131309-DPI-ESSERFII-163

Pass-through Entity: Wisconsin Department of Public Instruction

Criteria: Wage rate requirements apply to the Education Stabilization Fund when laborers and mechanics employed by contractors or subcontractors work on construction contracts more than \$2,000. Laborer must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL).

Nonfederal entities shall include in their contracts subject to wage rate requirements a provision that the contractor or subcontractor complies with those requirements and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the District weekly payrolls and a statement of compliance (certified payrolls).

Deerfield Community School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section III - Federal Awards Findings (Continued)

Condition: There was one Education Stabilization Fund construction project performed by a subcontractor. Grant expenditures for the project paid by the Education Stabilization Fund totaled \$34,828. There was not a prevailing wage clause in the contract and certified payrolls were not received.

Cause: The District was not aware that wage rate requirements applied to the construction project until after it was completed.

Effect: A reimbursement request was made for expenditures that did not comply with wage rate requirements.

Questioned Costs: \$34,828.

Recommendation: Establish controls to comply with wage rate requirements related to the Education Stabilization Fund. Consider determining if the contractor performing the project in 2022-2023 paid prevailing wage rates for costs reimbursed by the grant. Otherwise, the District should replace the cost with other allowable costs.

Response: The District replaced the cost with other allowable costs.

Section IV – State Awards Findings

See Finding #2023-001 noted in Section II.

Deerfield Community School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section V – Other Issues

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

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

Department of Public Instruction Yes

Department of Health Services Yes

Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

Name and Signature of Partner

Tara Bast, CPA

Date of Report

November 27, 2023

Deerfield Community School District
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2023

#2022-001- This is still a finding. See #2023-001