



DEERFIELD COMMUNITY SCHOOL DISTRICT  
DEERFIELD, WISCONSIN

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2024

Deerfield Community School District  
For the Year Ended June 30, 2024

Table of Contents

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Independent Auditor's Report .....	i - iv
Management's Discussion and Analysis .....	v - xii
Basic Financial Statements	
District-Wide Financial Statements:	
A-1 Statement of Net Position .....	1
A-2 Statement of Activities .....	3
Fund Financial Statements:	
A-3 Balance Sheet – Governmental Funds .....	4
A-4 Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position .....	5
A-5 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	6
A-6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	7
Notes to the Financial Statements .....	8
Required Supplementary Information:	
B-1 Budgetary Comparison Schedule for the General Fund .....	43
B-2 Budgetary Comparison Schedule for the Special Education Fund .....	44
B-3 Schedules of Changes in the District's Total OPEB Liability, Other Pension Benefits, and Related Ratios .....	45
B-4 Local Retiree Life Insurance Fund Schedules .....	46
B-5 Wisconsin Retirement System Schedules .....	47
Notes to the Required Supplementary Information .....	48

Deerfield Community School District  
For the Year Ended June 30, 2024

Table of Contents (Continued)

---

Supplementary Information:

C-1 Combining Balance Sheet – Nonmajor Governmental Funds .....	55
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	56
C-3 Schedule of Expenditures of Federal Awards.....	57
C-4 Schedule of Expenditures of State Awards.....	58
Notes to the Schedules of Expenditures of Federal and State Awards .....	59
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 .....	60
Independent Auditor’s Report on Compliance for Each Major Federal and State Program And on Internal Control Over Compliance in Accordance with the Uniform Guidance and the State Single Audit Guidelines .....	62
Schedule of Findings and Questioned Costs .....	65
Schedule of Prior Year Findings and Questioned Costs .....	69



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the 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, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Deerfield Community School District, as of June 30, 2024, 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 (GAS)*, 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.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAS 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 v through page xii, budgetary comparison information, schedules of changes in the Deerfield Community School 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 the Deerfield Community School District's basic 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.

The combining nonmajor fund financial statements and schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 December 2, 2024, 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 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 Deerfield Community School District's internal control over financial reporting and compliance.

*Johnson Block & Company, Inc.*

Johnson Block and Company, Inc.  
December 2, 2024

# DEERFIELD COMMUNITY SCHOOL DISTRICT

Deerfield, Wisconsin

Management Discussion and Analysis

June 30, 2024

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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 2024 by \$17,284,056 (*net position*). For the year, net position increased by \$2,310,012.

Total governmental funds revenue were \$15,875,693; including \$7,583,438 in local revenue, \$6,749,579 of state aid, \$840,244 of Federal aid, \$672,818 of Inter-district payments, \$24,003 of other sources, and \$5,611 of intermediate sources. Total governmental fund expenditures were \$21,879,762, including \$6,900,121 for direct instruction.

The following financial events took place during fiscal year 2024.

- As a result of the \$49.7 million capital referendum approved by taxpayers in April of 2023, construction has begun on the "like new" remodel of the Deerfield High School and Deerfield Middle School during 2024. The construction project is due to be completed in August of 2026 and is currently on schedule. At this time, the district has borrowed \$29 million of the total \$49.7 million available.
- This is the final year of a 5-year operational referendum that has provided \$500,000 in additional revenue each year.

The following events are expected for the 2025 fiscal year.

- Additional long term debt will be incurred in the spring of 2025 to continue the capital project work started in 2023.
- The district will be asking taxpayers to approve a new operational referendum to succeed the current expiring operational referendum. The school board has approved the new referendum to be non-recurring for five years in the amount of \$1,750,000 each year. The new referendum will be included in the April 1, 2025 election.

## 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 COMMUNITY SCHOOL DISTRICT**

Deerfield, Wisconsin

Management Discussion and Analysis

June 30, 2024

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**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"><li>• Statement of Net Position.</li><li>• Statement of Activities.</li></ul>	<ul style="list-style-type: none"><li>• Balance Sheet.</li><li>• Statement of Revenues, Expenditures and Changes in Fund Balances.</li></ul>
Basis of accounting and measurement focus	Accrual accounting.  Economic resources focus.	Modified accrual accounting.  Current financial resources focus.
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long- term liabilities 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 COMMUNITY SCHOOL DISTRICT

Deerfield, Wisconsin

Management Discussion and Analysis

June 30, 2024

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## 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 COMMUNITY SCHOOL DISTRICT**

Deerfield, Wisconsin  
Management Discussion and Analysis  
June 30, 2024

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 1, below, provides a summary of the District's net position at June 30, 2024.

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

	2024	2023	\$ VAR
Current and other assets	\$ 5,140	\$ 4,685	\$ 455
Restricted assets - cash and cash equivalents	27,217	17,064	10,153
Non-current assets	18,593	12,786	5,807
Total Assets	50,950	34,535	16,415
Deferred pension outflows	3,929	5,948	(2,019)
Deferred OPEB outflows	352	309	43
Deferred supplemental pension outflows	86	76	10
Total Deferred Outflows	4,367	6,333	(1,966)
Long-term Obligations	31,228	20,480	10,748
Other Liabilities	3,701	1,375	2,326
Total Liabilities	34,929	21,855	13,074
Unavailable revenue	3	3	-
Deferred pension inflows	2,460	3,410	(950)
Deferred OPEB inflows	446	437	9
Deferred supplemental pension inflows	195	189	6
Total Deferred Inflows	3,104	4,039	(935)
Net Position:			
Net investment in capital assets	12,640	10,312	2,328
Restricted	3,156	3,441	(285)
Unrestricted	1,488	1,221	267
Total Net Position	\$ 17,284	\$ 14,974	\$ 2,310

**DEERFIELD COMMUNITY SCHOOL DISTRICT**

Deerfield, Wisconsin

Management Discussion and Analysis

June 30, 2024

**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>2024</u>	<u>2023</u>	<u>\$ VAR</u>
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 368	\$ 391	\$ (23)
Operating grants & contributions	2,487	2,441	46
Capital grants & contributions	244	-	244
General Revenues			
Property taxes	6,128	5,505	623
State formula aid	6,002	5,739	263
Other	1,124	165	959
Total Revenues	<u>16,353</u>	<u>14,241</u>	<u>2,112</u>
<b>Expenses</b>			
Instruction	6,885	6,994	(109)
Pupil & Instructional Services	1,095	1,168	(73)
General Administration Services	444	458	(14)
Building Administration Services	457	443	14
Business Administration	1,887	1,974	(87)
Central Services	251	390	(139)
Insurance	129	104	25
Other Support Services	1,040	920	120
Food Services	549	497	52
Community Services	15	12	3
Interest on Debt	908	72	836
Depreciation and Amortization	383	412	(29)
Total Expenses	<u>14,043</u>	<u>13,444</u>	<u>599</u>
<b>Increase (Decrease) in Net Position</b>	<u>2,310</u>	<u>797</u>	<u>1,513</u>
Net Position-January 1	14,974	14,106	868
Prior period adjustments-implementation of GASB Statement No. 96	-	71	(71)
Net Position-January 1, as restated	<u>-</u>	<u>14,177</u>	<u>(14,177)</u>
Net Position-December 31	<u>\$ 17,284</u>	<u>\$ 14,974</u>	<u>\$ 2,310</u>

# DEERFIELD COMMUNITY SCHOOL DISTRICT

Deerfield, Wisconsin  
Management Discussion and Analysis  
June 30, 2024

## 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		Less Capital Grants & Contributions		Net Cost of Services	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Expenses</b>										
Instruction	\$ 6,885	\$ 6,994	\$ 95	\$ 102	\$ 2,073	\$ 1,880	\$ -	\$ -	\$ 4,717	\$ 5,012
Pupil & Instructional Services	1,095	1,168	-	-	147	246	-	-	948	922
General Administration Services	444	458	-	-	25	-	-	-	419	458
Building Administration Services	457	443	6	12	-	-	-	-	451	431
Business Administration	1,887	1,974	-	-	19	6	244	-	1,624	1,968
Central Services	251	390	-	-	-	-	-	-	251	390
Insurance	129	104	-	-	-	-	-	-	129	104
Other Support Services	1,040	920	-	-	37	98	-	-	1,003	822
Food Service	549	497	266	276	186	211	-	-	97	10
Community Services	15	12	1	1	-	-	-	-	14	11
Interest on Debt	908	72	-	-	-	-	-	-	908	72
Other	383	412	-	-	-	-	-	-	383	412
<b>Total Expenses</b>	<u>\$ 14,043</u>	<u>\$ 13,444</u>	<u>\$ 368</u>	<u>\$ 391</u>	<u>\$ 2,487</u>	<u>\$ 2,441</u>	<u>\$ 244</u>	<u>\$ -</u>	<u>\$ 10,944</u>	<u>\$ 10,612</u>

The cost of all governmental activities this year was \$14,042,424. Individuals who directly participated or benefited from a program offering paid for \$367,634 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$2,486,902. Capital contributions for a gifted solar panel totaled \$243,713. The net cost of governmental activities of \$10,944,175, increased by \$332,276 from the previous year.

The composition of governmental revenues by source is illustrated below:

	Governmental Revenue by Source		
	2024	2023	\$ VAR
Local	\$ 7,583,438	\$ 6,225,752	\$ 1,357,686
Interdistrict	672,818	687,050	(14,232)
Intermediate	5,611	2,796	2,815
State	6,749,579	6,364,503	385,076
Federal	840,244	949,873	(109,629)
Other	24,003	129,388	(105,385)
<b>Total</b>	<u>\$ 15,875,693</u>	<u>\$ 14,359,362</u>	<u>\$ 1,516,331</u>

## DEERFIELD COMMUNITY SCHOOL DISTRICT

Deerfield, Wisconsin  
Management Discussion and Analysis  
June 30, 2024

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The composition of governmental expenditures by type is illustrated below:

	Governmental Expense by Type		
	2024	2023	\$ VAR
Instruction	\$ 6,900,121	\$ 6,559,910	\$ 340,211
Support Services	5,522,079	5,465,251	56,828
Capital Outlay	6,356,562	486,731	5,869,831
Debt Service	3,101,000	1,191,856	1,909,144
Total	<u>\$ 21,879,762</u>	<u>\$ 13,703,748</u>	<u>\$ 397,039</u>

### FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$28,767,208 compared to last year's ending fund balance of \$20,389,602. 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 1<sup>st</sup>. 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 2023-24 fiscal year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal year 2024, the District had invested \$32,006,720 in capital assets, including buildings, sites and equipment (see Table 4). Total accumulated depreciation on these assets was \$13,474,114. Asset acquisitions for governmental activities totaled \$6,559,853. The District recognized depreciation expense of \$764,417. (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)*

	Governmental Activities		Total % change
	2024	2023	23-24
Land	\$ 646	\$ 646	0.00%
Construction work-in-progress	6,214	-	100.00%
Buildings and Improvements	22,479	22,208	1.22%
Furniture and Equipment	2,668	2,654	0.53%
Accumulated Depreciation	(13,474)	(12,770)	5.51%
Total	<u>\$ 18,533</u>	<u>\$ 12,738</u>	<u>45.49%</u>

Notes: Totals may not add due to rounding.

## DEERFIELD COMMUNITY SCHOOL DISTRICT

Deerfield, Wisconsin  
Management Discussion and Analysis  
June 30, 2024

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### CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

#### Long-term Debt

At year-end the District had \$29,382,880 in bonds payable and other long-term debt outstanding – an increase of \$11,829,528 (67%) from fiscal 2023. (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
	2024	2023	23-24
General Obligation Debt	\$ 14,765	\$ 17,240	-14.36%
Bond Anticipation Note	14,000	-	100.00%
Unamortized Debt Premium (Discount)	493	174	183.33%
Lease	-	12	-100.00%
Compensated Absences	125	139	-10.07%
Total	<u>\$ 29,383</u>	<u>\$ 17,565</u>	<u>67.28%</u>

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 district budget for 2024-25 is deficit \$532,000 requiring the use of general fund balance at the end of the fiscal year if needed. The general fund balance is \$2,014,810 as of June 30, 2024. There is community support to renew the expiring operational referendum in April of 2025 in the amount of \$1,750,000 each year for five years ending in June 2030.
- 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, 300 Simonson Blvd, Deerfield, WI 53531.

## BASIC FINANCIAL STATEMENTS



Exhibit A-1  
Deerfield Community School District  
Statement of Net Position  
June 30, 2024

	Governmental Activities
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Assets:	
Current assets:	
Cash and investments	\$ 2,795,659
Restricted cash and investments	27,216,659
Receivables:	
Taxes	1,561,205
Accounts	13,948
Interest	467,505
Due from other governmental units	301,825
Prepaid expenditures	728
Total current assets	<u>32,357,529</u>
Noncurrent assets:	
Net subscription-based information technology (SBITA) arrangement assets	60,094
Land	645,588
Construction work-in-progress	6,213,718
Capital assets being depreciated	25,147,414
Less: accumulated depreciation	<u>(13,474,114)</u>
Net capital assets	<u>18,532,606</u>
Total noncurrent assets	<u>18,592,700</u>
Total Assets	<u>50,950,229</u>
Deferred Outflows of Resources:	
Deferred pension outflows - Wisconsin Retirement System	3,928,813
Deferred OPEB outflows - group life insurance plan	223,597
Deferred OPEB outflows - District health insurance plan	128,861
Deferred supplemental pension outflows	86,320
Total Deferred Outflows of Resources	<u>4,367,591</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 55,317,820</u></u>

See accompanying notes to the basic financial statements.

Exhibit A-1  
Deerfield Community School District  
Statement of Net Position  
June 30, 2024

	Governmental Activities
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 2,292,449
Due to state government	75
Accrued salaries and wages	506,496
Payroll taxes and withholdings	547,875
Accrued interest payable	339,621
Current portion of subscription-based information technology arrangement (SBITA) liability	5,470
Food service deposits	14,134
Current portion of long-term obligations	1,062,021
Total current liabilities	<u>4,768,141</u>
Noncurrent liabilities:	
Long-term obligations	29,257,693
Compensated absences	125,187
Subscription-based information technology arrangement (SBITA) liability	5,750
Supplemental pension stipend benefits	574,210
OPEB - group life insurance plan	508,920
OPEB - District health insurance plan	292,203
Net pension liability	459,396
Less: Current portion of long-term obligations	<u>(1,062,021)</u>
Total noncurrent liabilities	<u>30,161,338</u>
Total Liabilities	<u>34,929,479</u>
Deferred Inflows of Resources:	
Unavailable revenue	3,278
Deferred pension inflows - Wisconsin Retirement System	2,460,150
Deferred OPEB inflows - group life insurance plan	250,942
Deferred OPEB inflows - District health insurance plan	195,362
Deferred supplemental pension inflows	194,553
Total Deferred Inflows of Resources	<u>3,104,285</u>
Net Position:	
Net investment in capital assets	12,640,130
Restricted for:	
Capital projects	2,000,619
Debt service	688,047
Donor restricted	245,022
Community service	112,016
Other restrictions	109,729
Unrestricted	<u>1,488,493</u>
Total Net Position	<u>17,284,056</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 55,317,820</u></u>

See accompanying notes to the basic financial statements.

Exhibit A-2  
Deerfield Community School District  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental activities:					
Instruction:					
Regular instruction	\$ 4,333,659	\$ 52,470	\$ 1,034,336	\$ -	\$ (3,246,853)
Vocational instruction	308,918	-	15,339	-	(293,579)
Special instruction	1,515,993	-	788,037	-	(727,956)
Other instruction	726,198	42,119	235,928	-	(448,151)
Total instruction	<u>6,884,768</u>	<u>94,589</u>	<u>2,073,640</u>	<u>-</u>	<u>(4,716,539)</u>
Support services:					
Pupil services	652,706	-	33,186	-	(619,520)
Instructional staff services	442,728	-	113,760	-	(328,968)
General administration services	443,798	-	24,544	-	(419,254)
Building administration services	457,367	6,485	-	-	(450,882)
Business administration	1,886,881	-	18,995	243,713	(1,624,173)
Central services	250,541	-	-	-	(250,541)
Insurance	128,903	-	-	-	(128,903)
Other support services	1,039,662	-	37,219	-	(1,002,443)
Food services	548,806	266,160	185,558	-	(97,088)
Community services	14,880	400	-	-	(14,480)
Interest and fiscal charges on long-term debt	908,193	-	-	-	(908,193)
Depreciation-Unallocated	372,699	-	-	-	(372,699)
Amortization expense	10,492	-	-	-	(10,492)
Total support services	<u>7,157,656</u>	<u>273,045</u>	<u>413,262</u>	<u>243,713</u>	<u>(6,227,636)</u>
Total governmental activities	<u>\$ 14,042,424</u>	<u>\$ 367,634</u>	<u>\$ 2,486,902</u>	<u>\$ 243,713</u>	<u>(10,944,175)</u>
General revenues:					
Property taxes:					
General purposes					3,386,136
Debt services					2,741,932
Federal and State aid not restricted for specific purposes					
General					6,002,085
Interest and investment earnings					1,093,016
Special Item - Gain from the disposal of fixed assets					7,015
Miscellaneous					<u>24,003</u>
Total general revenues					<u>13,254,187</u>
Changes in net position					<u>2,310,012</u>
Net position - beginning of year					<u>14,974,044</u>
Net position - ending of year					<u>\$ 17,284,056</u>

See accompanying notes to the basic financial statements.

Exhibit A-3  
Deerfield Community School District  
Balance Sheet  
Governmental Funds  
June 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 1,378,563	\$ -	\$ 1,027,668	\$ 389,428	\$ 2,795,659
Restricted cash and investments	-	27,216,659	-	-	27,216,659
Receivables:					
Taxes	1,561,205	-	-	-	1,561,205
Accounts	7,482	-	-	6,466	13,948
Interest	-	467,505	-	-	467,505
Due from other governmental units	301,825	-	-	-	301,825
Prepaid expenditures	-	-	-	728	728
Total Assets	<u>\$ 3,249,075</u>	<u>\$ 27,684,164</u>	<u>\$ 1,027,668</u>	<u>\$ 396,622</u>	<u>\$ 32,357,529</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 189,861	\$ 2,092,314	\$ -	\$ 10,274	\$ 2,292,449
Due to state government	75	-	-	-	75
Accrued salaries and wages	500,633	-	-	5,863	506,496
Payroll taxes and withholdings	540,417	-	-	7,458	547,875
Food service deposits	-	-	-	14,134	14,134
Total Liabilities	<u>1,230,986</u>	<u>2,092,314</u>	<u>-</u>	<u>37,729</u>	<u>3,361,029</u>
Deferred Inflows of Resources:					
Unavailable revenue	<u>3,278</u>	<u>226,014</u>	<u>-</u>	<u>-</u>	<u>229,292</u>
Total Deferred Inflows of Resources	<u>3,278</u>	<u>226,014</u>	<u>-</u>	<u>-</u>	<u>229,292</u>
Fund Balances:					
Nonspendable	-	-	-	728	728
Restricted	108,602	25,365,836	1,027,668	358,165	26,860,271
Unassigned	<u>1,906,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,906,209</u>
Total Fund Balances	<u>2,014,811</u>	<u>25,365,836</u>	<u>1,027,668</u>	<u>358,893</u>	<u>28,767,208</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,249,075</u>	<u>\$ 27,684,164</u>	<u>\$ 1,027,668</u>	<u>\$ 396,622</u>	<u>\$ 32,357,529</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, 2024

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

Total fund balances - governmental funds:		\$ 28,767,208
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:		
Governmental capital assets	32,006,720	
Governmental accumulated depreciation	<u>(13,474,114)</u>	18,532,606
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	104,167	
Governmental accumulated amortization	<u>(44,073)</u>	60,094
Some revenues are accrued on the government-wide statements but not on the fund statements because they are not available and spendable:		
Unearned interest revenue		226,014
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		4,367,591
Deferred inflows of resources		(3,101,007)
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:		
Long-term debt	(28,765,000)	
Unamortized premium on long-term debt	(492,693)	
SBITAs	(11,220)	
Accrued interest on long-term debt and SBITAs	(339,621)	
Compensated absences	<u>(125,187)</u>	(29,733,721)
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	(508,920)	
OPEB - District health insurance plan	(292,203)	
Supplemental pension stipend benefits	(574,210)	
Net pension liability	<u>(459,396)</u>	(1,834,729)
Total net position - governmental activities		<u><u>\$ 17,284,056</u></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, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 3,386,136	\$ -	\$ 2,741,932	\$ -	\$ 6,128,068
Other local sources	203,883	735,411	12,555	503,521	1,455,370
Interdistrict sources	664,505	-	-	8,313	672,818
Intermediate sources	5,611	-	-	-	5,611
State sources	6,744,026	-	-	5,553	6,749,579
Federal sources	660,239	-	-	180,005	840,244
Other sources	23,639	-	-	364	24,003
Total Revenues	<u>11,688,039</u>	<u>735,411</u>	<u>2,754,487</u>	<u>697,756</u>	<u>15,875,693</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular instruction	4,366,162	-	-	18,447	4,384,609
Vocational instruction	301,433	-	-	2,543	303,976
Special instruction	1,491,766	-	-	-	1,491,766
Other instruction	523,079	-	-	196,691	719,770
Total Instruction	<u>6,682,440</u>	<u>-</u>	<u>-</u>	<u>217,681</u>	<u>6,900,121</u>
Support Services:					
Pupil services	655,961	-	-	-	655,961
Instructional staff services	474,107	-	-	534	474,641
General administration services	444,997	-	-	-	444,997
Building administration services	444,575	-	-	-	444,575
Business administration	1,582,655	5	-	18,535	1,601,195
Central services	169,919	-	-	-	169,919
Insurance	111,800	17,103	-	-	128,903
Food services	-	-	-	547,259	547,259
Community service	-	-	-	14,968	14,968
Other support services	1,031,197	-	-	8,464	1,039,661
Total Support Services	<u>4,915,211</u>	<u>17,108</u>	<u>-</u>	<u>589,760</u>	<u>5,522,079</u>
Total Current Expenditures	<u>11,597,651</u>	<u>17,108</u>	<u>-</u>	<u>807,441</u>	<u>12,422,200</u>
Capital Outlay	101,719	6,241,278	-	13,565	6,356,562
Debt Service	39,147	-	3,061,853	-	3,101,000
Total Expenditures	<u>11,738,517</u>	<u>6,258,386</u>	<u>3,061,853</u>	<u>821,006</u>	<u>21,879,762</u>
Excess (deficiency) of revenues over expenditures	<u>(50,478)</u>	<u>(5,522,975)</u>	<u>(307,366)</u>	<u>(123,250)</u>	<u>(6,004,069)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from long-term debt	-	14,000,000	-	-	14,000,000
Premium on long-term debt issued	-	-	342,498	-	342,498
Proceeds from SBITA	31,705	-	-	-	31,705
Proceeds from sale of capital assets	5,297	-	-	2,175	7,472
Transfers out	(12,700)	-	-	-	(12,700)
Transfers in	-	-	-	12,700	12,700
Total Other Financing Sources (Uses)	<u>24,302</u>	<u>14,000,000</u>	<u>342,498</u>	<u>14,875</u>	<u>14,381,675</u>
Net Change in Fund Balances	<u>(26,176)</u>	<u>8,477,025</u>	<u>35,132</u>	<u>(108,375)</u>	<u>8,377,606</u>
Fund Balances-beginning of year	2,040,987	16,888,811	992,536	467,268	20,389,602
Fund Balances-end of year	<u>\$ 2,014,811</u>	<u>\$ 25,365,836</u>	<u>\$ 1,027,668</u>	<u>\$ 358,893</u>	<u>\$ 28,767,208</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, 2024

Net change in fund balances-total governmental funds		\$ 8,377,606
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	6,316,140	
Depreciation expenses reported in the Statement of Activities	<u>(764,417)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period		5,551,723
Contributions of capital assets are recorded on the Statement of Net Position as an asset and as revenue in the Statement of Activities.		
		243,713
Some revenues are accrued on the government-wide statements but not on the fund statements because they are not available and spendable:		
Unearned interest revenue		226,014
Governmental funds report additions for SBITA's as expenditures because such additions use current financial resources. In contrast, the additions are allocated over the SBITA's estimated useful lives as amortization expense for the period in the Statement of Activities.		
SBITA's expenditures reported in governmental fund statements	45,448	
Amortization expenses reported in the Statement of Activities	<u>(34,014)</u>	
		11,434
The District disposed of capital assets 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	(61,070)	
The amount of depreciation recapture for the year	<u>60,612</u>	
The difference in the value of assets net of recaptured depreciation		(458)
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.		
Decrease in compensated absences that occurred during the year		14,448
Net other post-employment benefits obligation expense		(41,070)
Net supplemental pension stipend benefits expense		(13,144)
Additions from SBITA liabilities are reported as revenue in the governmental funds but increase long-term liabilities in the Statement of Net Position.		
		(31,705)
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 retired in the current year		2,475,000
The amount of SBITA principal retired in the current year		26,311
The amount of lease principal payments in the current year		11,738
The amount of debt premium amortized in the current year		23,522
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the Statement of Activities.		
Proceeds from the issuance of long-term debt		(14,000,000)
The amount of premium received on bond issuance		(342,498)
In governmental funds, interest payments on outstanding debt and SBITA liabilities 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	494,856	
The amount of interest accrued during the current period	<u>(815,098)</u>	
Interest paid is greater (less) than interest accrued by		(320,242)
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	408,891	
Actuarially determined change in net pension asset/liability between years, with adjustments	<u>(311,274)</u>	
		97,617
Rounding		<u>3</u>
Change in net position-governmental activities		<u><u>\$ 2,310,012</u></u>

## NOTES TO THE FINANCIAL STATEMENTS



Deerfield Community School District  
June 30, 2024

Index to Notes to Financial Statements

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	<u>PAGE</u>
Note 1. <u>Summary of Significant Accounting Policies</u> .....	8
A. Reporting Entity .....	8
B. Basis of Presentation .....	8-10
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation .....	10-11
D. Assets and Liabilities.....	11-14
E. Deferred Outflows and Inflows of Resources .....	14
F. Claims and Judgments.....	14
G. Estimates .....	15
H. Interfund Activity .....	15
I. Equity Classifications.....	15-16
J. Change in Accounting Principle.....	16
Note 2. <u>Explanation of Certain Differences Between Governmental              Fund Statements and District-Wide Statements</u> .....	17
Note 3. <u>Cash and Investments</u> .....	17-21
Note 4. <u>Capital Assets</u> .....	21-22
Note 5. <u>Subscription-Based Information Technology Arrangements</u> .....	22-23
Note 6. <u>Short-Term and Long-Term Obligations</u> .....	23-24
Note 7. <u>Other Liabilities</u> .....	25
Note 8. <u>Interfund Activity</u> .....	25
Note 9. <u>Defined Benefit Pension Plans</u> .....	25-33
Note 10. <u>Other Postemployment Benefits</u> .....	33-40
Note 11. <u>Governmental Fund Balances</u> .....	41
Note 12. <u>Risk Management</u> .....	41
Note 13. <u>Limitation of School District Revenues</u> .....	41
Note 14. <u>Self-Funded Insurance Program</u> .....	41-42
Note 15. <u>Subsequent Events and Commitments</u> .....	42

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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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, 2024

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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, 2024

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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, Basis of Accounting, and Financial Statement Presentation**

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 1<sup>st</sup> full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31<sup>st</sup>, and the final payment no later than the following July 31<sup>st</sup>. On or before January 15<sup>th</sup>, and by the 20<sup>th</sup> of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20<sup>th</sup>, 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 1<sup>st</sup>, 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.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

***Prepaid Items***

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, 2024

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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, 2024

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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 at \$50 per day for all sick days accumulated. Administration support staff leaving after 15 years of service in the District and age 60 will be compensated up to 120 days at \$40 per day. A teacher retiring with 15 years of service in the District and age 55 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 (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs, 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, 2024

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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 9(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, 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 four 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 resources (revenue) until then. The District reported the unavailable revenue, WRS deferred pension inflow, OPEB inflows and supplemental pension inflow as deferred inflows of resources.

The net position of the District can be significantly impacted by the combined effect of deferred outflows and inflows of resources from the WRS pension, supplemental pension, and OPEB plans.

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, 2024

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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:

- a. Non-Spendable - includes amounts that are not in a spendable form (such as inventory/or are required to be maintained intact).
- b. 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.
- c. 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, 2024

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. 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.
- e. 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, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District did not have any accounting changes or error corrections requiring disclosure in the financial statements.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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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, 2024, the cash and investments included the following:

Account Balances	
Deposits with financial institutions	\$ 1,362,145
Wisconsin Investment Series Cooperative (WISC)	26,407,527
WI Local Government Investment Pool	2,242,646
Total	<u>\$ 30,012,318</u>
Per Statement of Net Position:	
Cash and cash equivalents	\$ 2,795,659
Restricted cash and cash equivalents	27,216,659
Total	<u>\$ 30,012,318</u>

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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	\$ 2,242,646	\$ 2,242,646	\$ -	\$ -
Certificates of Deposit	17,620,963	6,839,013	7,054,600	3,727,350
US Treasury Notes	641,113	641,113	-	-
Total	<u>\$ 20,504,722</u>	<u>\$ 9,722,772</u>	<u>\$ 7,054,600</u>	<u>\$ 3,727,350</u>

The average maturity of WI Local Government Investment pool as of June 30, 2024 is 13 days (28 days as of June 30, 2023).

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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, 2024, 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.

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, 2024 was: 98% in U.S. Government Securities, and 2% in Commercial Paper, Certificates of Deposit, and Time Deposits. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

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, 2024, the District's investments were rated as follows:

Investment Type	Fair Value	Rating
WISC Multi-Class Series	\$ 8,177,214	S&P Global Ratings - AAAm
Local Government Investment Pool	2,242,646	Not Rated
US Treasury Notes	641,113	S&P Global Ratings - AA+
Total fair value of investments subject to credit risk	<u>\$ 11,060,973</u>	

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, 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 \$1,000,000. 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.

As of June 30, 2024, \$9,300,000 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits that were insured by letters of credit.

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.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
		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	6/30/2024			
US Treasury Notes	\$ 641,113	\$ 641,113	\$ -	\$ -
Total Investments by Fair Value Level	\$ 641,113	\$ 641,113	\$ -	\$ -

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Balance 6/30/23	Additions	Deletions	Balance 6/30/24
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 645,588	\$ -	\$ -	\$ 645,588
Construction work-in-progress	-	6,213,718	-	6,213,718
Total capital assets not being depreciated	645,588	6,213,718	-	6,859,306
<i>Capital assets, being depreciated:</i>				
Buildings	18,322,428	-	-	18,322,428
Site Improvements	3,885,553	271,273	-	4,156,826
Furniture and Equipment	2,654,368	74,862	(61,070)	2,668,160
Total capital assets, being depreciated	24,862,349	346,135	(61,070)	25,147,414
Total Capital Assets	25,507,937	6,559,853	(61,070)	32,006,720
<i>Less Accumulated Depreciation:</i>				
Buildings	(9,186,646)	(455,223)	-	(9,641,869)
Site Improvements	(1,482,245)	(158,197)	-	(1,640,442)
Furniture and Equipment	(2,101,418)	(150,997)	60,612	(2,191,803)
Total Accumulated Depreciation	(12,770,309)	(764,417)	60,612	(13,474,114)
Total Net Capital Assets	\$ 12,737,628	\$ 5,795,436	\$ (458)	\$ 18,532,606

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 4,898
Vocational instruction	6,228
Other instruction	9,948
Instructional staff services	839
General administration services	123
Building administration services	12,805
Business administration	275,762
Central services	79,895
Food service	1,220
Depreciation not charged to a specific function	372,699
Total depreciation for governmental activities	<u>\$ 764,417</u>

NOTE 5

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has 13 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, 2024 are as follows:

	June 30, 2023	Additions	Subtractions	June 30, 2024	Amounts Due Within One Year
Subscription Assets	\$ 82,162	\$ 45,448	\$ (23,443)	\$ 104,167	
Less: Accumulated Amortization	(33,502)	(34,014)	23,443	(44,073)	
Total Subscription Assets, net	<u>\$ 48,660</u>	<u>\$ 11,434</u>	<u>\$ -</u>	<u>\$ 60,094</u>	
Subscription Liabilities	<u>\$ 5,827</u>	<u>\$ 31,704</u>	<u>\$ (26,311)</u>	<u>\$ 11,220</u>	<u>\$ 5,470</u>

The total SBITA costs for the year ended June 30, 2024 are as follows:

	June 30, 2024
Amortization expense	\$ 34,014
Interest on lease liabilities	634
Total	<u>\$ 34,648</u>



Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 5      SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

The future minimum SBITA principal and interest payments under noncancelable contracts with terms greater than one year are listed below as of June 30, 2024:

	Principal	Interest	Total
2025	\$ 5,470	\$ 574	\$ 6,044
2026	5,750	294	6,044
	<u>\$ 11,220</u>	<u>\$ 868</u>	<u>\$ 12,088</u>

NOTE 6      SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Notes Payable

There were no short-term notes issued for the year ended June 30, 2024.

B. Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2024 were as follows:

	Beginning 7/1/2023	Increases	Decreases	Balance 6/30/2024	Current Portion
General Obligation Bonds	\$ 17,240,000	\$ -	\$ (2,475,000)	\$ 14,765,000	\$ 555,000
Unamortized Debt Premium (Discount)	173,717	342,498	(23,522)	492,693	92,021
Bond Anticipation Note	-	14,000,000	-	14,000,000	415,000
Sub-Total	<u>17,413,717</u>	<u>14,342,498</u>	<u>(2,498,522)</u>	<u>29,257,693</u>	<u>1,062,021</u>
Compensated Absences	<u>139,635</u>	<u>-</u>	<u>(14,448)</u>	<u>125,187</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 17,553,352</u>	<u>\$ 14,342,498</u>	<u>\$ (2,512,970)</u>	<u>\$ 29,382,880</u>	<u>\$ 1,062,021</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	\$ 814,776	\$ 494,822
Totals	<u>\$ 814,776</u>	<u>\$ 494,822</u>

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 6

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

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, 2024 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/24
G.O. Bonds	02/06/17	2.5-2.75%	03/01/27	\$ 1,125,000
G.O. Bonds	06/26/23	4.0-5.0%	03/01/43	13,640,000
Total General Obligation Debt				<u>\$ 14,765,000</u>

The Bond Anticipation Notes at June 30, 2024 is as follows:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/24
Bond Anticipation Notes, Series 2024	04/08/24	4.0-5.0%	03/01/29	\$ 14,000,000
Total Bond Anticipation Notes				<u>\$ 14,000,000</u>

The 2023 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$703,488,772. The legal debt limit and margin of indebtedness as of June 30, 2024 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$703,488,772)	\$ 70,348,877
Deduct Long-term Debt Applicable to Debt Margin	<u>(14,765,000)</u>
Margin of Indebtedness	<u>\$ 55,583,877</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2024 follows:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 970,000	\$ 1,109,318	\$ 2,079,318
2026	570,000	1,132,676	1,702,676
2027	250,000	1,117,000	1,367,000
2028	590,000	1,104,500	1,694,500
2029	14,205,000	1,075,000	15,280,000
2030-2034	3,585,000	2,181,850	5,766,850
2035-2039	4,390,000	1,382,000	5,772,000
2040-2043	4,205,000	428,800	4,633,800
Totals	<u>\$ 28,765,000</u>	<u>\$ 9,531,144</u>	<u>\$ 38,296,144</u>

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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NOTE 7

OTHER LIABILITIES

GASB Statement No. 87, Leases, was implemented by the District for the year ended June 30, 2022, and remains in effect for the year ended June 30, 2024. 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, 2024. 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 \$11,738 for the year ended June 30, 2024. The original cost of the equipment under this lease is \$52,038. The lease was fully paid off as of June 30, 2024.

NOTE 8

INTERFUND ACTIVITY

During the fiscal year ended June 30, 2024, \$12,700 was transferred from the general fund to the package cooperative fund. The total transfer of \$12,700 to the package cooperative fund was used to cover any costs not covered by direct revenues.

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.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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
2023	1.6	(21.0)

***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 \$408,891 in contributions from the employer.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contribution rates as of June 30, 2024 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

***Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At June 30, 2024, the District reported a liability of \$459,396 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. 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, 2023, the District's proportion was 0.03089821%, which was an increase of 0.00020714% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$316,792.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,852,281	\$ (2,453,358)
Net differences between projected and actual earnings on pension plan investments	1,600,922	-
Changes in assumptions	200,237	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,840	(6,792)
Employer contributions subsequent to the measurement date	261,533	-
Total	<u>\$ 3,928,813</u>	<u>\$ (2,460,150)</u>

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$261,533 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, 2025. 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
2025	\$ 248,107
2026	262,253
2027	1,005,650
2028	(308,880)
Total	<u>\$ 1,207,130</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
	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, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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 Returns<sup>1</sup>

As of December 31, 2023

<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 %<sup>2</sup></u>
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage <sup>3</sup>	(12)	3.7	1.0
Total Core Fund	100	7.4	4.6
<u>Variable Fund Asset</u>			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

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

<sup>2</sup>New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

<sup>3</sup>The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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 3.77% (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, 2023. 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)	\$ 4,440,288	\$ 459,396	\$ (2,326,202)

**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, 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, and for Teachers, if he/she is at least fifty-five (55) 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, 2024

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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 annual installments into a 403(b) plan.

*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 annual installments into a 403(b) plan.

*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 annual installments into a 403(b) plan.

There are 87 active employees and 2 retirees in the plan as of the measurement date of July 1, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions.** For the year ended June 30, 2024, the District recognized a supplemental pension expense of \$50,029.

Below is a schedule of changes in the total pension liability for the current reporting period (measurement date July 1, 2023):

Beginning Balance: 6/30/22	<u>\$ 555,571</u>
Changes for the Year:	
Service Costs	35,399
Interest	22,080
Plan Changes	6,271
Differences Between Expected and Actual Experience	(23,199)
Changes of Assumptions or Other Input	(1,912)
Benefit Payments	<u>(20,000)</u>
Net Changes	<u>18,639</u>
Ending Balance: 6/30/23	<u><u>\$ 574,210</u></u>

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

At June 30, 2024, 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	\$ 6,475	\$ (148,427)
Changes of assumptions	42,960	(46,126)
District contributions subsequent to the measurement date	36,885	-
Total	<u>\$ 86,320</u>	<u>\$ (194,553)</u>

At June 30, 2024, the District reported deferred outflows of resources related to the supplemental pension plan for estimated contributions after the measurement date of \$36,885. It will be recognized as a reduction of the total supplemental pension benefits liability in the year ended June 30, 2025. 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
2025	\$ (13,721)
2026	(13,725)
2027	(14,675)
2028	(14,675)
2029	(14,675)
Thereafter	(73,647)
Total	<u>\$ (145,118)</u>

**Actuarial Assumptions.** The total pension liability in the July 1, 2023 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	July 1, 2023
Measurement Date of Total Pension Liability	July 1, 2023
Discount Rate*:	3.90%
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 (3.90%) as of the measurement date.

Mortality assumptions are based upon the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

For the year ended June 30, 2024, the Director of Pupil Services/Dean was eligible to receive benefits under the same formula as the Superintendent and Principals. Additionally, several assumptions were updated, including changes to the mortality tables, retirement and withdrawal rates, and an increase in the discount rate from 3.8% to 3.9%.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 9

DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Single Discount Rate.** A single discount rate of 3.90% (based upon all years of projected payments discounted at a municipal bond rate of 3.90%) 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 3.90 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 (2.90 percent) or 1-percentage-point higher (4.90 percent) than the current rate:

	1% Decrease to Discount Rate (2.9%)	Current Discount Rate (3.9%)	1% Increase to Discount Rate (4.9%)
Total Supplemental Pension Liability	\$604,648	\$574,210	\$544,608

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 2 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 plan has the following subsidized benefit:

- One grandfathered principal is receiving District paid family medical premiums and District paid contributions of \$4,000 per year to an HAS/HRA account until June 2024 (when the participant attains age 65).

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Employees covered by Benefit Terms.** At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	<u>114</u>
	<u><u>119</u></u>

**Total OPEB Liability.** The District's total OPEB Liability of \$292,203 was measured at July 1, 2023, and was determined by an actuarial valuation as of July 1, 2023.

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the July 1, 2023 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	3.90 percent
Healthcare cost trend rates	6.50 percent grading to 5.00% over 6 years and then to 4.00% over the next 48 years
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 (3.90%) as of the measurement date.

Mortality assumptions are based upon the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

For the year ended June 30, 2024, several assumptions were updated, including changes to the health care trend rates and mortality tables, retirement and withdrawal rates, and an increase in the discount rate from 3.8% to 3.9%.

**Changes in the Total OPEB Liability – As of Measurement Date**

	<u>Total OPEB Liability</u>
Balance at 6/30/2022	<u>\$ 339,495</u>
Changes for the year:	
Service cost	30,292
Interest	13,441
Differences between expected and actual experience	(66,545)
Changes in assumptions or other inputs	7,949
Benefit payments	<u>(32,429)</u>
Net Changes	<u>(47,292)</u>
Balance at 6/30/2023	<u><u>\$ 292,203</u></u>

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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 (2.90 percent) or 1-percentage-point higher (4.90 percent) than the current discount rate:

	1% Decrease 2.90%	Current Discount Rate 3.90%	1% Increase 4.90%
Total OPEB Liability	<u>\$ 312,985</u>	<u>\$ 292,203</u>	<u>\$ 272,552</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 (5.5 percent decreasing to 4.0 percent and then to 3.0%) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent and then to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.0%, then 3.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%, then 4.0%)	1% Increase (7.5% decreasing to 6.0%, then 5.0%)
Total OPEB Liability	<u>\$ 261,968</u>	<u>\$ 292,203</u>	<u>\$ 327,530</u>

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.*** For the year ended June 30, 2024, the District recognized a OPEB expense of \$28,242. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 35,788	\$ (132,119)
Changes of assumptions or other inputs	59,080	(63,243)
District contributions subsequent to the measurement date	33,993	-
Total	<u>\$ 128,861</u>	<u>\$ (195,362)</u>

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

\$33,993 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, 2025. 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
2025	\$ (15,491)
2026	(15,491)
2027	(15,491)
2028	(15,495)
2029	(15,934)
Thereafter	(22,592)
Total	<u>\$ (100,494)</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 member 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, 2024

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contribution rates as of June 30, 2024 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
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, 2023 are as listed below:

Life Insurance Member Contribution Rates* For the year ended December 31, 2023		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
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 \$2,254 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, 2024, the District reported a liability of \$508,920 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. 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, 2023, the District's proportion was 0.110619%, which was an increase of 0.008982% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$49,069.

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2024, 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	\$ -	\$ (45,041)
Net differences between projected and actual earnings on plan investments	6,875	-
Changes in actuarial assumptions	159,194	(200,401)
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,431	(5,500)
Employer contributions subsequent to the measurement date	1,097	-
Totals	<u>\$ 223,597</u>	<u>\$ (250,942)</u>

\$1,097 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, 2025. 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
2025	\$ 4,859
2026	10,277
2027	(8,808)
2028	(23,494)
2029	(22,758)
Thereafter	11,482
Total	<u>\$ (28,442)</u>



Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Actuarial Assumptions.** The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net OPEB Liability (Asset):	December 31, 2023
WRS 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*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

\*Based on the Bond Buyer GO 20-Bond Municipal 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, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 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, 2023

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	40%	2.32%
US Mortgages	Bloomberg US MBS	60%	2.52%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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NOTE 10

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Single Discount Rate.** A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. 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 3.32 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 (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
District's proportionate share of the net OPEB liability (asset)	\$ 683,805	\$ 508,920	\$ 375,426

Deerfield Community School District  
Notes to the Basic Financial Statements  
June 30, 2024

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NOTE 11

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2024 include the following:

Nonspendable:	
Prepaid items	\$ 728
	<u>          </u>
Restricted for:	
Debt service payments	\$ 1,027,668
Food service activities	1,127
Donor restricted	245,022
Capital projects	25,365,836
Community service activities	112,016
Self insurance	86,572
Unspent common school fund	22,030
Total restricted fund balance	<u>\$ 26,860,271</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 30<sup>th</sup>.

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, 2024

NOTE 14

SELF-FUNDED INSURANCE PROGRAM (CONTINUED)

At June 30, 2024, the District has reported a liability of \$22,125, which represents reported and unreported claims which were incurred on or before June 30, 2024, 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. The balance of IBNR claims as of June 30, 2024 is \$9,195.

	Accrued Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Accrued Balance at End of Year
2021-2022	\$ 14,551	\$ 128,842	\$ 125,836	\$ 17,557
2022-2023	17,557	140,280	135,162	22,675
2023-2024	22,675	140,807	141,357	22,125

NOTE 15

SUBSEQUENT EVENTS AND COMMITMENTS

**Deerfield Middle & High School Renovations**

As of June 30, 2024, the District's Middle School and High School were undergoing remodeling and upgrades. The District has the following commitments related to construction projects:

	Total Contract	Expenditures through June 30, 2024	Remaining Commitment
Deerfield Middle & High School Renovation	\$ 47,755,541	\$ 6,072,913	\$ 41,682,628
	<u>\$ 47,755,541</u>	<u>\$ 6,072,913</u>	<u>\$ 41,682,628</u>

## 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, 2024

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
Revenues:					
Property taxes	\$ 3,386,136	\$ 3,386,136	\$ 3,386,136	\$ -	\$ -
Other local sources	207,500	207,500	203,883	(3,617)	(3,617)
Interdistrict sources	680,419	680,419	650,487	(29,932)	(29,932)
Intermediate sources	4,677	4,677	5,611	934	934
State sources	6,113,113	6,113,113	6,145,071	31,958	31,958
Federal sources	431,346	431,346	409,751	(21,595)	(21,595)
Other sources	30,000	30,000	23,639	(6,361)	(6,361)
Total Revenues	10,853,191	10,853,191	10,824,578	(28,613)	(28,613)
Expenditures:					
Current:					
Instruction:					
Regular instruction	4,378,826	4,378,826	4,366,162	12,664	12,664
Vocational instruction	304,372	304,372	301,433	2,939	2,939
Other instruction	562,715	562,715	523,079	39,636	39,636
Total instruction	5,245,913	5,245,913	5,190,674	55,239	55,239
Support Services:					
Pupil services	331,016	331,016	328,010	3,006	3,006
Instructional staff services	382,396	382,396	363,403	18,993	18,993
General administration services	459,696	459,696	444,997	14,699	14,699
Building administration services	438,850	438,850	444,575	(5,725)	(5,725)
Business administration	1,486,381	1,486,381	1,473,353	13,028	13,028
Central services	202,787	202,787	169,724	33,063	33,063
Insurance	104,624	104,624	111,800	(7,176)	(7,176)
Other support services	949,041	949,041	994,172	(45,131)	(45,131)
Total support services	4,354,791	4,354,791	4,330,034	24,757	24,757
Total Current Expenditures	9,600,704	9,600,704	9,520,708	79,996	79,996
Capital Outlay	59,680	59,680	101,719	(42,039)	(42,039)
Debt Service	12,489	12,489	39,147	(26,658)	(26,658)
Total Expenditures	9,672,873	9,672,873	9,661,574	11,299	11,299
Excess (deficiency) of revenues over expenditures	1,180,318	1,180,318	1,163,004	(17,314)	(17,314)
Other Financing Sources (Uses):					
Proceeds from SBITA	-	-	31,705	31,705	31,705
Proceeds from sales of capital assets	-	-	5,297	5,297	5,297
Transfers out	(1,325,318)	(1,325,318)	(1,226,182)	99,136	99,136
Total Other Financing Sources (Uses)	(1,325,318)	(1,325,318)	(1,189,180)	136,138	136,138
Net Change in Fund Balance	(145,000)	(145,000)	(26,176)	118,824	118,824
Fund Balance-beginning of year	2,040,987	2,040,987	2,040,987	-	-
Fund Balance-end of year	\$ 1,895,987	\$ 1,895,987	\$ 2,014,811	\$ 118,824	\$ 118,824

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, 2024

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
Revenues:					
Interdistrict sources	\$ 14,406	\$ 14,406	\$ 14,018	\$ (388)	\$ (388)
State sources	620,509	620,509	598,955	(21,554)	(21,554)
Federal sources	306,832	306,832	250,488	(56,344)	(56,344)
Total Revenues	941,747	941,747	863,461	(78,286)	(78,286)
Expenditures:					
Current:					
Instruction:					
Special instruction	1,662,587	1,662,587	1,491,766	170,821	170,821
Total instruction	1,662,587	1,662,587	1,491,766	170,821	170,821
Support Services:					
Pupil services	338,792	338,792	327,951	10,841	10,841
Instructional staff services	99,116	99,116	110,704	(11,588)	(11,588)
Business administration	101,888	101,888	109,302	(7,414)	(7,414)
Central services	-	-	195	(195)	(195)
Other support services	54,217	54,217	37,025	17,192	17,192
Total support services	594,013	594,013	585,177	8,836	8,836
Total Current Expenditures	2,256,600	2,256,600	2,076,943	179,657	179,657
Total Expenditures	2,256,600	2,256,600	2,076,943	179,657	179,657
Excess (deficiency) of revenues over expenditures	(1,314,853)	(1,314,853)	(1,213,482)	101,371	101,371
Other Financing Sources (Uses):					
Transfer from general fund	1,314,853	1,314,853	1,213,482	(101,371)	(101,371)
Total Other Financing Sources (Uses)	1,314,853	1,314,853	1,213,482	(101,371)	(101,371)
Net Change in Fund Balance	-	-	-	-	-
Fund Balance-beginning of year	-	-	-	-	-
Fund Balance-end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2024

Other Postemployment Benefits \*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total OPEB Liability - Health Insurance</b>									
Service costs	\$ 30,292	\$ 27,512	\$ 33,290	\$ 28,542	\$ 28,940	\$ 30,108	\$ 16,493	\$ 15,142	\$ 15,142
Interest	13,441	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	(66,545)	-	(15,596)	-	(116,411)	-	98,424	-	-
Changes of assumptions or other inputs	7,949	(32,753)	29,076	38,977	14,552	(8,248)	(93,557)	4,247	-
Benefit payments	(32,429)	(59,093)	(72,478)	(45,384)	(53,919)	(66,830)	(86,258)	(106,197)	(136,210)
Net change in total OPEB	(47,292)	(56,067)	(87,854)	37,449	(106,586)	(25,385)	257,542	(73,735)	(104,634)
Total OPEB Liability- Beginning	339,495	395,562	483,416	445,967	552,553	577,938	320,396	394,131	498,765
Total OPEB Liability- Ending	<u>\$ 292,203</u>	<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>
<b>Covered Employee Payroll</b>	<u>\$ 5,869,413</u>	<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>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	4.98%	6.15%	7.38%	9.34%	8.61%	13.47%	14.09%	56.81%	69.89%

Other Pension Benefits\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total supplemental pension stipend benefits</b>									
Service Costs	\$ 35,399	\$ 32,433	\$ 40,424	\$ 46,011	\$ 28,940	\$ 52,588	\$ 23,411	\$ 21,383	\$ 21,383
Interest	22,080	12,547	16,791	21,751	24,900	22,051	6,539	7,362	6,961
Changes of Benefit Terms	6,271	-	(96,247)	-	-	-	373,361	-	-
Differences Between Expected and Actual Experiences	(23,199)	-	(86,039)	-	(94,860)	-	12,957	-	-
Changes of Assumptions or Other Inputs	(1,912)	(44,405)	(734)	52,430	5,611	(10,480)	(504)	9,536	-
Benefit Payments	(20,000)	(20,000)	(10,000)	(15,667)	(15,667)	(21,100)	(15,434)	(19,876)	(15,434)
Net Changes in total supplemental pension stipend benefits	18,639	(19,425)	(135,805)	104,525	(51,076)	43,059	400,330	18,405	12,910
Total supplemental pension stipend benefits - Beginning	555,571	574,996	710,801	606,276	657,352	614,293	213,963	195,558	182,648
Total supplemental pension stipend benefits - Ending	<u>\$ 574,210</u>	<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>
<b>Covered Employee Payroll</b>	<u>\$ 5,196,209</u>	<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>
<b>Total supplemental pension stipend benefits as a percentage of covered-employee payroll</b>	11.05%	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, 2024

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)
2023	0.11061900%	\$ 508,920	\$ 5,495,000	9.26%	33.90%
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 OPEB 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
2024	\$ 2,194	\$ (2,194)	\$ -	\$ 5,195,000	0.04%
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, 2024

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)
2023	0.03089821%	\$ 459,396	\$ 6,013,125	7.64%	98.85%
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
2024	\$ 413,964	\$ (413,964)	\$ -	\$ 6,031,975	6.86%
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, 2024

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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 function for all 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, 2024.

Fund	Excess Expenditures
General Fund:	
Building Administration Services	\$ 5,725
Debt Service	26,658
Insurance	7,176
Other Support Services	45,131
Capital Outlay	42,039
Special Education Fund:	
Instructional Staff Services	11,588
Business Administration	7,414
Central Services	195

Total expenditures were under budget by \$11,299 in the General Fund and under budget by \$179,657 in the Special Education Fund.

Deerfield Community School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2024

NOTE 3

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

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 10,824,578	\$ 863,461
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>863,461</u>	<u>(863,461)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 11,688,039</u>	<u>\$ -</u>
	<u>General Fund</u>	<u>Special Education Fund</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 9,661,574	\$ 2,076,943
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>2,076,943</u>	<u>(2,076,943)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 11,738,517</u>	<u>\$ -</u>

Deerfield Community School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2024

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NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES

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

***Changes of Assumptions.***

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

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

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

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

Deerfield Community School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2024

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

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

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
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%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	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*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	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.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	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%).

\*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, 2024

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

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

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
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	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Period:	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 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 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.
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 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

\*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, 2024

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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 3 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 1 preceding year.

***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, 2024:

- The health care trend rates and mortality tables were updated
- The retirement, and withdrawal rates were updated
- The discount rate was changed from 3.80% to 3.90%

***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, 2024

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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 1 preceding year.

***Changes of Benefit Terms.*** The Director of Pupil Services/Dean is eligible to receive benefits under the same formula provided to the Superintendent and Principals.

***Changes of Assumptions.*** The following changes in assumptions were made for the year ended June 30, 2024:

- The mortality tables were updated
- The retirement and withdrawal rates were updated
- The discount rate was changed from 3.80% to 3.90%

***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, 2024

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Service	Community Service	Special Revenue Trust	
<b>ASSETS</b>				
Cash and investments	\$ 27,270	\$ 112,571	\$ 249,587	\$ 389,428
Accounts receivable	6,466	-	-	6,466
Prepaid expenditures	-	-	728	728
Total Assets	<u>\$ 33,736</u>	<u>\$ 112,571</u>	<u>\$ 250,315</u>	<u>\$ 396,622</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 5,709	\$ -	\$ 4,565	\$ 10,274
Accrued salaries and wages	5,402	461	-	5,863
Payroll taxes and withholdings	7,364	94	-	7,458
Food service deposits	14,134	-	-	14,134
Total Liabilities	<u>32,609</u>	<u>555</u>	<u>4,565</u>	<u>37,729</u>
Fund Balances:				
Nonspendable	<u>-</u>	<u>-</u>	<u>728</u>	<u>728</u>
Restricted for:				
Community service	-	112,016	-	112,016
Food service	1,127	-	-	1,127
Trust	<u>-</u>	<u>-</u>	<u>245,022</u>	<u>245,022</u>
Total Restricted Fund Balances	<u>1,127</u>	<u>112,016</u>	<u>245,022</u>	<u>358,165</u>
Total Fund Balances	<u>1,127</u>	<u>112,016</u>	<u>245,750</u>	<u>358,893</u>
Total Liabilities and Fund Balances	<u>\$ 33,736</u>	<u>\$ 112,571</u>	<u>\$ 250,315</u>	<u>\$ 396,622</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, 2024

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Food Service	Community Service	Package Cooperative	Special Revenue Trust	
<b>REVENUES:</b>					
Other local sources	\$ 266,160	\$ 400	\$ -	\$ 236,961	\$ 503,521
Interdistrict sources	-	-	8,313	-	8,313
State sources	5,553	-	-	-	5,553
Federal sources	180,005	-	-	-	180,005
Other sources	364	-	-	-	364
Total Revenues	452,082	400	8,313	236,961	697,756
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular instruction	-	-	-	18,447	18,447
Vocational instruction	-	-	-	2,543	2,543
Other instruction	-	-	18,084	178,607	196,691
Total Instruction	-	-	18,084	199,597	217,681
Support Services:					
Instructional staff services	-	-	-	534	534
Business administration	-	-	2,929	15,606	18,535
Food services	547,259	-	-	-	547,259
Community services	-	14,968	-	-	14,968
Other support services	-	-	-	8,464	8,464
Total Support Services	547,259	14,968	2,929	24,604	589,760
Total Current Expenditures	547,259	14,968	21,013	224,201	807,441
Capital Outlay	13,565	-	-	-	13,565
Total Expenditures	560,824	14,968	21,013	224,201	821,006
Excess (deficiency) of revenues over expenditures	(108,742)	(14,568)	(12,700)	12,760	(123,250)
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sales of capital assets	2,175	-	-	-	2,175
Transfers in	-	-	12,700	-	12,700
Total Other Financing Sources (Uses)	2,175	-	12,700	-	14,875
Net Change in Fund Balances	(106,567)	(14,568)	-	12,760	(108,375)
Fund Balances-beginning of year	107,694	126,584	-	232,990	467,268
Fund Balances-end of year	\$ 1,127	\$ 112,016	\$ -	\$ 245,750	\$ 358,893

Exhibit C-3  
Deerfield Community School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Administering Agency Pass-Through Agency Award Description	Assistance Listing Number	Pass-through Entity ID Number	Receivable July 1, 2023	Receipts	Expenditures	Receivable June 30, 2024
<u><i>U.S. DEPARTMENT OF AGRICULTURE</i></u>						
Passed through Wisconsin Department of Public Instruction:						
Food Distribution	10.555	Not Available	\$ -	\$ 46,396	\$ 46,396	\$ -
Food Service National School Lunch	10.555	2024-131309-DPI-NSL-547	-	133,608	133,608	-
Total Child Nutrition Cluster			-	180,004	180,004	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	180,004	180,004	-
<u><i>U.S. DEPARTMENT OF EDUCATION</i></u>						
Passed through Wisconsin Department of Public Instruction:						
Title I	84.010A	2024-131309-DPI-TI-A-141	-	37,583	58,388	20,805
Title IV	84.424A	2024-131309-DPI-TIVA-381	-	16,644	16,644	-
Title II - Part A	84.367A	2024-131309-DPI-TIIA-365	-	6,927	6,927	-
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425D	2022-131309-DPI-ESSERFIII-165	-	49,350	179,292	129,942
COVID-19 EBIS Grant	84.425U	2022-131309-DPI-EBIS-165	-	22,531	121,428	98,897
COVID-19 LETRS Grant	84.425U	2024-131309-DPI-LETRS-165	-	2,900	2,900	-
Passed through Cambridge School District						
COVID-19 ARPA - Homeless Children and Youth	84.425	Not Available	-	-	1,282	1,282
Total 84.425 Education Stabilization Fund (ESF)			-	74,781	304,902	230,121
Passed through Wisconsin Department of Public Instruction:						
Special Education Cluster:						
IDEA Discretionary	84.027A	2024-131309-DPI-FLOW-341	86,019	214,659	177,130	48,490
Preschool Entitlement	84.173A	2024-131309-DPI-PRESCH-347	5,114	12,776	7,662	-
Total Special Education Cluster			91,133	227,435	184,792	48,490
Passed through Johnson Creek School District						
Carl Perkins CTE	84.048	2024-131309-DPI-CTE-400	-	4,498	4,498	-
TOTAL U.S. DEPARTMENT OF EDUCATION			91,133	367,868	576,151	299,416
<u><i>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i></u>						
Passed through CESA #2:						
Public Health Emergency Response: Cooperative Agreement						
for Emergency Response: Public Health Crisis Response	93.354	Not Available	-	5,611	5,611	-
Passed through Wisconsin Department of Health Services:						
School Based Services	93.778	Not Available	-	89,868	89,868	-
Total Wisconsin Department of Health Services			-	89,868	89,868	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	95,479	95,479	-
TOTALS			\$ 91,133	\$ 643,351	\$ 851,634	\$ 299,416

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, 2024

Administering Agency Pass-Through Agency Award Description	State I.D. Number	Entity ID Number	Receivable July 1, 2023	Receipts	Expenditures	Receivable June 30, 2024	Pass-through to Subrecipients
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>							
<u>Major State Programs:</u>							
General Equalization	255.201	131309-116	\$ -	\$ 5,436,629	\$ 5,436,629	\$ -	\$ -
Per Pupil Adjustment Aid	255.945	131309-113	-	553,532	553,532	-	-
Total - Major State Programs			-	5,990,161	5,990,161	-	-
<u>Nonmajor State Programs:</u>							
Special Education and School Age Parents	255.101						
Direct State Payments		131309-100	-	569,709	569,709	-	-
Pass through School District of Cambridge							
Transit of State Aid		Not Available	-	14,018	14,018	-	-
Total Special Education and School Age Parents Program			-	583,727	583,727	-	-
State School Lunch Aid	255.102	131309-107	-	4,126	4,126	-	-
School Day Milk	255.115	131309-109	-	1,427	1,427	-	-
Youth Alcohol and Other Drug Abuse	255.321	131309-142	-	1,000	1,000	-	-
Common School Fund Library Aid	255.103	131309-104	-	50,618	50,618	-	-
High Cost Special Education Aid	255.210	131309-119	-	22,057	22,057	-	-
Gen Trans Aid for Public and NP Sch Pupils	255.107	131309-102	-	10,672	10,672	-	-
Educator Effective Aval Sys Grants Public	255.940	131309-154	-	6,480	6,480	-	-
Assessments of Reading Readiness	255.956	131309-166	-	227	227	-	-
Aid for Special Education Transition Grant BBL	255.960	131309-168	-	7,189	7,189	-	-
Career and Technical Education Incentive Grants	255.950	131309-152	-	9,992	9,992	-	-
School Based Mental Health Services	255.297	131309-177	-	24,619	24,544	(75)	-
Total - Nonmajor State Programs			-	722,134	722,059	(75)	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			-	6,712,295	6,712,220	(75)	-
<u>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</u>							
Pass through Monona Grove School District: Youth Apprenticeship Grant	445.194	Not Available	-	849	849	-	-
TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT			-	849	849	-	-
<u>WISCONSIN DEPARTMENT OF JUSTICE</u>							
DOJ Public Safety Grant	455.206	Not Available	-	7,931	7,931	-	-
TOTAL WISCONSIN DEPARTMENT OF JUSTICE			-	7,931	7,931	-	-
TOTALS			\$ -	\$ 6,721,075	\$ 6,721,000	\$ (75)	\$ -

Deerfield Community School District  
Notes to Schedules of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2024

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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. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3

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 4

FOOD DISTRIBUTION

The District received commodities totaling \$46,396 that is reflected as part of the activity in program Assistance Listing #10.555.

NOTE 5

DE MINIMIS COST RATE

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

NOTE 6

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*

To the 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 (*Government Auditing Standards*), 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, 2024 and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 2, 2024.

***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and another to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 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 findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Johnson Block & Company, Inc.*

Johnson Block and Company, Inc.  
December 2, 2024



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

To the 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, 2024. 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, 2024.

***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*); 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 and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

## 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2024-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance 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 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 and Company, Inc.  
December 2, 2024

Deerfield Community School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

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**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?

  X   Yes        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)?

       Yes   X   No

Identification of major federal programs:

Assistance Listing Number  
84.425D; 84.425U; 84.425  
10.555

Name of Federal Program or Cluster  
Education Stabilization Fund (ESF)  
Child Nutrition Cluster

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, 2024

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**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
255.945	Per Pupil Adjustment Aid

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, 2024

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**Section II – Financial Statement Findings**

**Finding #2024-001 – 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 cost prohibitive 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.

**Finding #2024-002 – Material Audit Adjustments**

**Criteria:** Financial closing and year-end reconciliation procedures should identify and adjust the financial records to ensure the financial statements are fairly stated. Material adjusting journal entries not prepared by the District prior to the audit or not otherwise provided by the District are considered an internal control deficiency.

**Condition:** As part of our audit, we proposed adjusting journal entries that were material to the District's financial statements.

**Cause:** While District staff maintains financial records which accurately report revenues and expenditures throughout the year, certain year-end accruals and reclassifications which were considered material for proper financial statement presentation in accordance with applicable accounting standards, were proposed by us through the audit process.

**Effect:** Financial reports generated by the accounting system may not accurately present the financial statement account balances as required under applicable accounting standards. Specifically, the adjustments were to accrue interest income receivable on investments, record the retainage held for the capital project as an accrued expenditure and to reclassify debt issuance costs and premiums for required presentation on the face of the financial statements.

**Recommendation:** We recommend the District review the process for year-end closing and reconciliation procedures and determine if any additional documentation should be included for these types of non-routine year-end adjustments.

Deerfield Community School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024

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**Section II – Financial Statement Findings (Continued)**

Finding #2024-002 – Material Audit Adjustments (Continued)

**Response:** The District understands the need for these specific adjustments and will work internally to update procedures as necessary to identify and record such adjustments in the future.

**Section III – Federal Awards Findings**

See Finding #2024-001 noted in Section II.

**Section IV – State Awards Findings**

See Finding #2024-001 noted in Section II.

**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

Department of Workforce Development

Yes

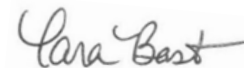
Department of Justice

Yes

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

Yes

Name and Signature of Partner



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Tara Bast, CPA

Date of Report

December 2, 2024



Deerfield Community School District  
Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2024

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Finding #2023-001- This is still a finding. See #2024-001

**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).

**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.

**Current Status:** This finding is resolved.