

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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CORNELL, WISCONSIN
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CORNELL, WISCONSIN
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
School District of Cornell
Cornell, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 budgetary comparison information, other postemployment benefits plan schedules, and pension plan schedules 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis and single-employer OPEB plan schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, schedule of expenditures of federal 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 schedule of state financial assistance as required by the *State Single Audit Guidelines* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements, the schedule of expenditures of federal awards, and the schedule of state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education
School District of Cornell

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
February 12, 2024

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 6,816,989
Taxes Receivable	471,003
Due from Other Governments	656,715
Other Postemployment Benefits Net OPEB Asset	260,480
Capital Assets:	
Not Subject to Depreciation/Amortization	
Land	22,650
Subject to Depreciation/Amortization	
Land Improvements	1,436,738
Buildings and Improvements	7,503,360
Furniture and Equipment	2,591,784
Lease Asset (Right to Use)	25,108
Accumulated Depreciation/Amortization	(6,898,061)
Total Assets	12,886,766
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	3,164,273
State Life Insurance OPEB Plan Related Items	61,930
Total Deferred Outflows of Resources	3,226,203
LIABILITIES	
Accounts Payable	28,649
Payroll Taxes and Withholdings	35,442
Unearned Revenues	7,469
Long-Term Liabilities:	
Wisconsin Retirement System Net Pension Liability	866,803
State Life Insurance Plan Net OPEB Liability	132,551
Amounts Due Within One Year	55,077
Total Liabilities	1,125,991
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Plan Related	1,825,810
State Life Insurance OPEB Plan Related Items	100,062
Total Deferred Inflows of Resources	1,925,872
NET POSITION	
Net Investment in Capital Assets	4,659,206
Restricted for:	
Capital Projects	4,238,762
Special Projects	276,228
Community Service	37,036
OPEB Asset	260,480
Food Service	204,524
Unrestricted	3,384,870
Total Net Position	\$ 13,061,106

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 2,048,425	\$ 387,475	\$ 981,985	\$ -	\$ (678,965)
Vocational Instruction	212,499	-	72,564	50,000	(89,935)
Physical Curriculum	144,834	-	-	-	(144,834)
Special Instruction	866,313	-	518,144	-	(348,169)
Co-Curricular Activities	236,260	4,313	-	-	(231,947)
Total Instruction	3,508,331	391,788	1,572,693	50,000	(1,493,850)
Support Services:					
Pupil Services	402,233	-	193,138	-	(209,095)
Instructional Staff Services	233,696	-	75,831	15,935	(141,930)
General Administration	182,291	-	-	-	(182,291)
School Building Administration	456,180	-	-	-	(456,180)
Fiscal	112,691	-	3,434	-	(109,257)
Operation and Maintenance of Plant	511,635	-	464	-	(511,171)
Facilities Acquisition/Remodeling	9,723	-	-	-	(9,723)
Pupil Transportation	349,706	16,573	70,667	71,500	(190,966)
Food Service	342,914	61,920	320,525	-	39,531
Central Services	25,852	-	-	-	(25,852)
Insurance and Judgments	61,449	-	-	-	(61,449)
Debt Services	657	-	-	-	(657)
Other Support Services	11,976	-	-	-	(11,976)
Community Services	121,955	15,762	-	-	(106,193)
Other Non-Program	782,272	-	8,224	-	(774,048)
Depreciation/Amortization - Unallocated	302,041	-	-	-	(302,041)
Total Support Services	3,907,271	94,255	672,283	87,435	(3,053,298)
Total Primary Government	\$ 7,415,602	\$ 486,043	\$ 2,244,976	\$ 137,435	(4,547,148)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					1,595,046
Other Taxes					855
State and Federal Aids Not Restricted to Specific Functions					3,106,687
Interest and Investment Earnings					85,765
Miscellaneous					231,953
Total General Revenues					5,020,306
Change in Net Position					473,158
Net Position - Beginning of Year					12,587,948
Net Position - End of Year					\$ 13,061,106

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2023**

	General Fund	Capital Improvements Trust Fund	Food Service Fund	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 2,057,194	\$ 4,238,762	\$ 203,927	\$ 317,106	\$ 6,816,989
Taxes Receivable	471,003	-	-	-	471,003
Due from Other Governments	647,800	-	8,572	343	656,715
Due from Other Funds	4,185	-	-	-	4,185
	<u>3,180,182</u>	<u>4,238,762</u>	<u>212,499</u>	<u>317,449</u>	<u>7,948,892</u>
Total Assets	<u>\$ 3,180,182</u>	<u>\$ 4,238,762</u>	<u>\$ 212,499</u>	<u>\$ 317,449</u>	<u>\$ 7,948,892</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 28,143	\$ -	\$ 506	\$ -	\$ 28,649
Accrued Salaries and Wages, Payroll Taxes, and Withholdings	35,442	-	-	-	35,442
Due to Other Funds	-	-	-	4,185	4,185
Unearned Revenues	-	-	7,469	-	7,469
Total Liabilities	<u>63,585</u>	<u>-</u>	<u>7,975</u>	<u>4,185</u>	<u>75,745</u>
Fund Balances:					
Restricted	-	4,238,762	204,524	313,264	4,756,550
Unassigned	3,116,597	-	-	-	3,116,597
Total Fund Balances	<u>3,116,597</u>	<u>4,238,762</u>	<u>204,524</u>	<u>313,264</u>	<u>7,873,147</u>
	<u>\$ 3,180,182</u>	<u>\$ 4,238,762</u>	<u>\$ 212,499</u>	<u>\$ 317,449</u>	<u>\$ 7,948,892</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,180,182</u>	<u>\$ 4,238,762</u>	<u>\$ 212,499</u>	<u>\$ 317,449</u>	<u>\$ 7,948,892</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2023**

Total Fund Balances - Governmental Funds \$ 7,873,147

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 22,650	
Land Improvements	1,436,738	
Buildings	7,503,360	
Equipment	2,591,784	
Right of Use Asset	25,108	
Accumulated Depreciation/Amortization	<u>(6,898,061)</u>	4,681,579

Pension liabilities and related deferred inflows and outflows of resources are not reported in the fund statements but are reported in the statement of net position. These balances at year-end are:

State Life Insurance Plan Total OPEB Liability	(132,551)	
State Life Insurance Plan Deferred Outflows of Resources	61,930	
State Life Insurance Plan Deferred Inflow of Resources	(100,062)	
Other Postemployment Benefits Net OPEB Asset	260,480	
Wisconsin Retirement System Net Pension Liability	(866,803)	
Wisconsin Retirement System Deferred Outflows of Resources	3,164,273	
Wisconsin Retirement System Deferred Inflows of Resources	<u>(1,825,810)</u>	561,457

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Lease Liability	(8,365)	
Vested Employee Benefits	<u>(46,712)</u>	<u>(55,077)</u>

Net Position of Governmental Activities \$ 13,061,106

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023**

	General Fund	Capital Improvements Trust Fund	Food Service Fund	Other Governmental Funds	Totals
REVENUES					
Local Sources:					
Property Taxes	\$ 1,595,046	\$ -	\$ -	\$ -	\$ 1,595,046
Other Local Sources	76,944	36,820	61,920	138,157	313,841
Interdistrict Sources	403,740	-	-	-	403,740
Intermediate Sources	110,787	-	-	-	110,787
State Sources	3,897,086	-	8,466	-	3,905,552
Federal Sources	1,061,030	-	312,059	99,671	1,472,760
Other Sources	87,034	-	-	-	87,034
Total Revenues	<u>7,231,667</u>	<u>36,820</u>	<u>382,445</u>	<u>237,828</u>	<u>7,888,760</u>
EXPENDITURES					
Instruction:					
Regular Instruction	1,963,151	-	-	-	1,963,151
Vocational Instruction	394,021	-	-	-	394,021
Physical Curriculum	138,605	-	-	-	138,605
Special Instruction	841,641	-	-	-	841,641
Co-Curricular Activities	127,971	-	-	105,602	233,573
Support Services:					
Pupil Services	393,933	-	-	-	393,933
Instructional Staff Services	341,581	-	-	-	341,581
General Administration	177,702	-	-	-	177,702
School Building Administration	435,858	-	-	-	435,858
Fiscal	106,251	-	-	-	106,251
Operation and Maintenance of Plant	462,836	-	42,030	-	504,866
Facilities Acquisition/Remodeling	34,029	83,309	-	-	117,338
Pupil Transportation	420,257	-	-	-	420,257
Food Service	-	-	379,560	-	379,560
Central Services	25,852	-	-	-	25,852
Insurance and Judgments	61,449	-	-	-	61,449
Debt Service	8,700	-	-	-	8,700
Other Support Services	17,797	-	-	-	17,797
Community Services	-	-	-	115,891	115,891
Other Non Program	782,272	-	-	-	782,272
Total Expenditures	<u>6,733,906</u>	<u>83,309</u>	<u>421,590</u>	<u>221,493</u>	<u>7,460,298</u>
NET CHANGE IN FUND BALANCES	497,761	(46,489)	(39,145)	16,335	428,462
Fund Balances - Beginning of Year	<u>2,618,836</u>	<u>4,285,251</u>	<u>243,669</u>	<u>296,929</u>	<u>7,444,685</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,116,597</u>	<u>\$ 4,238,762</u>	<u>\$ 204,524</u>	<u>\$ 313,264</u>	<u>\$ 7,873,147</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 428,462

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. In the current period these amounts are:

Capital Outlays Reported in Governmental Fund Statements	543,255	
Depreciation/Amortization Expense Reported in the Statement of Activities	<u>(302,041)</u>	241,214

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expense in the statement of activities is measured by the change in net pension asset and the related deferred inflows and outflows of resources. (194,543)

OPEB expenditures in the governmental funds are measured by current year employee contributions. OPEB expenses on the statement of activities are measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.

Single-Employer OPEB Plan	5,822	
Multiple-Employer OPEB Plan (State Life Insurance)	<u>(13,880)</u>	(8,058)

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 payments in the current year is

Lease Principal Payments	8,043
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Vested Employee Benefits	<u>(1,960)</u>
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Change in Net Position of Governmental Activities \$ 473,158

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	<u>Employee Benefit Trust Fund</u>
ASSETS	
Cash and Investments	\$ 420,620
LIABILITIES	
Due to Governmental Funds	<u> -</u>
NET POSITION	
Restricted	<u>\$ 420,620</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2023**

	Employee Benefit Trust Fund
ADDITIONS	
Interest	\$ 5,822
DEDUCTIONS	
Benefits	18,018
CHANGE IN NET POSITION	(12,196)
Net Position, Beginning of Year	432,816
NET POSITION, END OF YEAR	\$ 420,620

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the School District of Cornell (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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.

B. Reporting Entity

The School District of Cornell is organized as a common school district. The District, governed by a five-member elected school board, operates grades pre-kindergarten through 12 and is comprised of all or parts of nine taxing districts.

The financial reporting of the District is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the District consist solely of the primary government. No other organizations were identified for inclusion in the financial reporting entity of the District.

C. Government-Wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) as described below:

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental type activities. (The District had no business-type activities for the reporting year.) These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of 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.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Statements (Continued)

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

The District has the following major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Long Term Capital Improvement Trust Fund – The long-term capital improvements fund is used to account for the accumulation of assets for future capital improvements projects.

Food Service Fund – The food service fund is a special revenue fund used to account for the activities of the food service program.

The remaining governmental funds (the special projects fund and community service fund) are reported as nonmajor funds.

Additionally, the District reports the following fiduciary fund:

Employee Benefit Trust Fund – The Employee Benefit Trust Fund is used to account for resources held in trust for formally established employee benefit plans.

D. Measurement Focus and Basis of Accounting

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

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. State and federal aids under cost reimbursement programs are generally recognized when earned if expected to be collected in the subsequent year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under right to use leases are reported as other financing sources.

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments

The District is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. treasury obligations, U.S. agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with the laws applicable to trust investments.

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

All investments are stated at fair market value, except the AUL annuity contract and Local Government Investment Pool (LGIP), which are valued at amortized cost.

2. Receivables and Payables

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

The District's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31st, and a final payment no later than the following July 31st. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the District treasurer makes full settlement to the District for any remaining balance. The District assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which taxes are levied. The 2022 tax levy is used to finance operations of the District's fiscal year ended June 30, 2023. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

Accounts Receivable. Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been recorded.

Interfund Balances. The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds". The noncurrent portion of outstanding balances between funds is reported as "advances to/from other funds". Advances between funds are classified as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources. For government-wide financial statements, eliminations were made for amounts due to and due from within the same fund type.

3. Capital Assets

Capital assets are reported at actual cost or estimated historical cost, for assets where actual historical cost is not available. Donated assets are reported as capital assets at their estimated acquisition value at the time received.

The District's capitalization threshold is \$5,000 or more and assets are depreciated/amortized using the straight-line method over the estimated useful lives as follows:

- Land Improvements	20 Years
- Buildings & Improvements	10-15 Years
- Furniture and Equipment	5-20 Years

Right to use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

4. Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The District reports deferred outflows of resources for pension and OPEB related items.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

5. Deferred Inflows of Resources

The District's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District also reports deferred outflows of resources for pension and OPEB related items.

6. Compensated Absences

The District's policy allows nonteacher employees to earn varying amounts of PTO for each year employed. Upon retirement or termination of employment, these employees are entitled to payment of \$10.00 per hour of unused PTO time.

Postemployment Benefits – As provided in applicable employee handbooks, the plan provides that the District will pay 81% of the health insurance premiums for up to a maximum period of 7 years for eligible retirees that retired prior to June 2007.

For eligible employees that were still employed at June 30, 2007, the 81% of premium benefit was replaced with a Health Reimbursement Arrangement (HRA). Eligible employees who were hired prior to 2006 but retiring after 2007 with a minimum of 15 years of service to the District, can receive up to a maximum of \$140,000 (28 years and \$5,000 for each year of employment with the District) in payments to the HRA to be paid over 10 years after retirement.

There are no post-employment benefits for teachers hired after 2006.

7. Wisconsin Retirement System Pension Benefits

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.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

8. Other Postemployment Benefits (OPEB) – Multiemployer 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 the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense. 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.

9. Long-Term Obligations

In the government-wide financial statements, outstanding long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. As required by state statute, premium and accrued interest received as part of the proceeds are recorded in the debt service fund.

10. Use of Restricted Resources

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

11. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources, is classified as follows in the District's financial statements:

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement for those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

11. Equity Classifications (Continued)

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets are legally or contractually required to be maintained. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District adopted a fund balance policy; in which the board retains the authority to assign fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's practice to use committed, assigned, and finally unassigned fund balance.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's cash and investments balance at June 30, 2023, were shown in the financial statements as follows:

Governmental Funds	\$ 6,816,989
Fiduciary Fund:	
Employee Benefit Trust Fund	<u>420,620</u>
Total	<u><u>\$ 7,237,609</u></u>

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The above balances at June 30, 2023 consisted of the following:

Deposits in Financial Institutions	\$	689,811
Investments with Fiscal Agent (Employee Benefit Trust)		420,620
Investments Held by Custodian		12,543
Investment with Wisconsin Investment Series		
Cooperative (WISC):		
Money Market Funds		69,588
Treasury Bill		507,668
Government Agency Issuances		2,106,662
Certificates of Deposit		3,339,745
Investments with State Local Government		
Pool - Investment Fund (LGIP)		90,482
Petty Cash		490
Total	\$	<u>7,237,609</u>

Deposits at Financial Institutions

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the District to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund. Custodial credit risk for deposits is the risk that, in the event of failure, the District's deposits may not be returned.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions (Continued)

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2023, District deposits in the amount of \$51,505 were not insured or collateralized.

Investments

Deposits in State Local Government Investment Pool (LGIP)

The state of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for twelve-month period ended June 30, 2023 was approximately 17 days.

Investment with Fiscal Agent

The investments with fiscal agent consisted of an amount paid into the employee benefit trust fund. This amount is comprised of amounts invested in a fixed annuity account with American United Life Insurance Company. These funds are held at MidAmerica.

The District's investments at June 30, 2023 are summarized as follows:

Description	Investment Maturities (in Years)			Total
	< 1	1 to 2	2 to 3	
Fixed Annuity	\$ 420,620	\$ -	\$ -	\$ 420,620
Money Market Funds	69,588	-	-	69,588
Treasury Bill	507,668	-	-	507,668
Government Agency Issuances	2,106,662	-	-	2,106,662
Certificates of Deposit	2,860,355	479,390	-	3,339,745
State Local Government Pool (LGIP)	90,482	-	-	90,482
Investments Held by Custodian	12,543	-	-	12,543
	<u>\$ 6,067,918</u>	<u>\$ 479,390</u>	<u>\$ -</u>	<u>\$ 6,547,308</u>

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The District's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.E.1.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates. The short weighted average maturities of the investments in the above external investment pool mitigates this risk to the District.

Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

Assets of the District are measured as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ -	\$ 69,588	\$ -	\$ 69,588
Government Agency Issuances	2,106,662	-	-	2,106,662
Treasury Bill	507,668	-	-	507,668
Certificates of Deposit	-	3,339,745	-	3,339,745
Investments Held by Custodian	-	12,543	-	12,543
	<u>\$ 2,614,330</u>	<u>\$ 3,421,876</u>	<u>\$ -</u>	<u>6,036,206</u>
Investments Measured at Amortized Cost - LGIP Funds				90,482
Investments Measured at Amortized Cost - Fixed Annuity				<u>420,620</u>
				<u>\$ 6,547,308</u>

B. Capital Assets

Changes in the capital assets for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets:				
Land	\$ 22,650	\$ -	\$ -	\$ 22,650
Land Improvements	910,248	526,490	-	1,436,738
Buildings and Improvements	7,503,360	-	-	7,503,360
Furniture and Equipment	2,188,017	435,641	(31,874)	2,591,784
Work in Progress	418,876	83,310	(502,186)	-
Right to Use Asset	25,108	-	-	25,108
Total Capital Assets	<u>11,068,259</u>	<u>1,045,441</u>	<u>(534,060)</u>	<u>11,579,640</u>
Accumulated Depreciation/Amortization:				
Land Improvements	591,716	42,685	-	634,401
Buildings and Improvements	4,324,012	175,475	-	4,499,487
Furniture and Equipment	1,703,466	75,181	(31,874)	1,746,773
Right to Use Asset	8,700	8,700	-	17,400
Total Accumulated Depreciation/Amortization	<u>6,627,894</u>	<u>302,041</u>	<u>(31,874)</u>	<u>6,898,061</u>
Governmental Activities Capital Assets				
Net of Accumulated Depreciation/Amortization	<u>\$ 4,440,365</u>	<u>\$ 743,400</u>	<u>\$ (502,186)</u>	<u>\$ 4,681,579</u>

Depreciation/amortization was charged to governmental functions as follows:

Unallocated Depreciation/Amortization	<u>\$ 302,041</u>
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**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2023 was as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Special Projects	<u>\$ 4,185</u>	Settle year end transactions

D. Long-Term Obligations

Changes in long-term obligations of the District for the year ended June 30, 2023 were as follows:

	Balances July 1, 2022	Additions	Reductions	Balances June 30, 2023	Amounts Due Within One Year
Other Long-Term Obligations:					
Lease Liability	\$ 16,408	\$ -	\$ 8,043	\$ 8,365	\$ 8,365
Vested Employee Benefits	44,752	1,960	-	46,712	46,712
Total	<u>\$ 61,160</u>	<u>\$ 1,960</u>	<u>\$ 8,043</u>	<u>\$ 55,077</u>	<u>\$ 55,077</u>

The District's estimated liability for vested employee benefits is generally liquidated by the general fund.

Lease Liability

The District is party to a right-to-use lease arrangement with E.O. Johnson for the right to use copiers and printers. An initial lease liability was previously recorded in the amount of \$25,108. The District used the incremental borrowing rate for the agreement as an interest rate was not provided. The principal and interest costs for such leases for governmental funds was \$8,700 for the year ended June 30, 2023. The future principal and interest requirements for this agreement are as follows:

Fiscal Year Ending June 30, 2024	Principal	Interest	Total
	<u>\$ 8,365</u>	<u>\$ 656</u>	<u>\$ 9,021</u>

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at June 30, 2023 consisted of the following:

	Total	Restricted	Unassigned
Major Funds:			
General Fund	\$ 3,116,597	\$ -	\$ 3,116,597
Food Service Program	204,524	204,524	-
Long-Term Capital Improvements Trust Fund	4,238,762	4,238,762	-
Nonmajor funds:			
Special Revenue Funds:			
Special Projects	276,228	276,228	-
Community Service Programs	37,036	37,036	-
Total Governmental Fund Balances at June 30, 2023	\$ 7,873,147	\$ 4,756,550	\$ 3,116,597

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 OTHER INFORMATION

F. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiemployer 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 1200 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 <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. 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 fiscal reporting period of July 1, 2022 through June 30, 2023, the WRS recognized \$240,890 in contributions from the employer.

Contribution rates as of June 30, 2023 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.80%	6.80%

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

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

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets/Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$866,803 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 and rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.01636187%, which was an increase of 0.00057440% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense (revenue) of \$435,635. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,380,548	\$ (1,813,731)
Changes of Assumptions	170,449	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,472,500	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	2,427	(12,079)
District Contributions Subsequent to the Measurement Date	138,349	-
Total	<u>\$ 3,164,273</u>	<u>\$ (1,825,810)</u>

\$138,349 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>Pension Expense Amount</u>
2024	\$ 46,669
2025	248,240
2026	254,456
2027	650,749

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets/Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*:	1.7%

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

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

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:

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets/Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

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

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

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

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets/Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. A single discount rate of 6.80% was used to measure the total pension liability, for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed income municipal bonds with 20-years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,876,892	\$ 866,803	\$ (515,965)

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>.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

G. Other Postemployment Benefits – Single Employer Plan

Plan Description and Benefits Provided

The District administers a single-employer defined benefit health care plan as provided in applicable employee handbook. The plan provides that the District will pay 81% of the health insurance premiums for up to a maximum period of 7 years for eligible retirees that retired prior to June 2007. For eligible employees that were still employed at June 30, 2007, the 81% of premium benefit was replaced with a Health Reimbursement Arrangement (HRA). Eligible employees who were hired prior to 2006 but retiring after 2007 with a minimum of 15 years of service to the District, can receive up to a maximum of \$140,000 (28 years and \$5,000 for each year of employment with the District) in payments to the HRA to be paid over 10 years after retirement. There are no post-employment benefits for teachers hired after 2006.

The plan does not issue separate financial statements.

Employees Covered by Benefit Terms. At June 30, 2023, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Receiving Benefits	6
Terminated Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Memebers	-
Total	6

Contributions

The District’s Trust Agreement states the District shall make contributions to the Trust from time to time as required per contractual agreement, and, in addition, such other contributions, if any, as it may determine in its discretion.

For the year ended June 30, 2023, no plan member contributions occurred.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

G. Other Postemployment Benefits – Single Employer Plan

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution to the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45 (determined actuarially for the year ended June 30, 2009 and under the alternative measurement method for the years ended thereafter).

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial/alternative measurement liabilities (or funding excess) over a period not to exceed thirty years.

For fiscal years ended June 30, 2011 and thereafter the liability is considered to be fully funded.

Funded Status and Funding Progress

The below schedule presents the value of the assets in the plan in comparison to the accrued liability calculated in accordance with the alternative measurement method:

Total OPEB Liability (Asset), 6/30/2023	\$	160,140
Fiduciary Net Position, 6/30/2023		420,620
Net OPEB Liability (Asset), 6/30/2023	<u>\$</u>	<u>(260,480)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		263%

The District uses alternative measurement method for determining its liability for the fiscal years ended June 30, 2011 and thereafter. The following is a summary of those significant methods and assumptions:

There were six retirees receiving benefits at the time of the latest alternative measurement, a 100% probability factor of employees staying until retirement was used in determining turnover based on inquires of those employees covered, no increase in health insurance premiums was necessary as the calculation for those under the old retirement language is complete. Management believes that the entire liability is fully funded. A historical age-based retirement date of 58 was used in the calculations. Finally, a rate of return of the investment used in the calculations is 1.5%.

Method Used to Value Investments

Investments are reported at fair value, which is determined by the underlying investments held by the group variable annuity contract invested with American United Life Insurance Company. For the year ended June 30, 2023, the annual money-weighted rate of return, net of investment expense, was 1.36%.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiemployer Plan

Plan Description

The LRLIF is a multiemployer 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 employees.

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

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

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

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

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

Contribution rates as of June 30, 2023 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiemployer Plan (Continued)

Plan Description (Continued)

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

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$769 in contributions from the employer.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2023, the District reported a liability of \$132,551 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 and rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.03479200%, which was a decrease of 0.00223100% from its proportion measured as of December 31, 2021.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiemployer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

For the year ended June 30, 2023, the District recognized OPEB expense of \$14,646. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (12,972)
Changes of Assumptions	47,622	(78,242)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	2,486	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	11,415	(8,848)
District Contributions Subsequent to the Measurement Date	407	-
Total	<u>\$ 61,930</u>	<u>\$ (100,062)</u>

\$407 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	OPEB Expense Amount
2024	\$ (1,323)
2025	(2,436)
2026	(487)
2027	(7,429)
2028	(13,505)
Thereafter	(13,359)

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiemployer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

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

Actuarial Valuation Date	January 1, 2022
Measurement Date of Net Pension Liability (Asset)	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return	4.25%
Discount Rate	3.76%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table

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

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.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiemployer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and
 Deferred Inflows of Resources Related to OPEBs (Continued)

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	50.0%	2.45%
U.S. Mortgages	Bloomberg US MBS	50.0%	2.83%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

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

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

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

	1% Decrease (2.76%)	Current Discount Rate (3.76%)	1% Increase (4.76%)
District’s Proportionate Share of the Net OPEB Liability (Asset)	\$ 180,720	\$ 132,551	\$ 95,636

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiemployer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

I. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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 years.

J. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is based on pupil count and is limited to the amount approved by legislative action unless a higher amount has been approved by a referendum. The State has also placed a limit on the decrease in the annual revenue cap due to declining enrollments. The State further allows an exemption equal to 75% of the prior year unused allowable revenue.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,595,046	\$ 1,595,046	\$ 1,595,046	\$ -
Other Local Sources	14,827	14,827	76,944	62,117
Interdistrict Sources	409,380	409,380	403,740	(5,640)
Intermediate Sources	67,197	67,197	110,787	43,590
State Sources	3,861,222	3,861,222	3,897,086	35,864
Federal Sources	901,154	901,154	1,061,030	159,876
Other Revenues	130,000	130,000	87,034	(42,966)
Total Revenues	<u>6,978,826</u>	<u>6,978,826</u>	<u>7,231,667</u>	<u>252,841</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	1,632,045	1,632,045	1,542,343	89,702
Regular Curriculum	476,037	476,037	420,808	55,229
Vocational Curriculum	202,994	202,994	394,021	(191,027)
Special Curriculum	180,737	180,737	138,605	42,132
Physical Curriculum	795,422	795,422	841,641	(46,219)
Co-Curricular Activities	193,234	193,234	127,971	65,263
Total Instruction	<u>3,480,469</u>	<u>3,480,469</u>	<u>3,465,389</u>	<u>15,080</u>
Support Services:				
Pupil Services	386,536	386,536	393,933	(7,397)
Instructional Staff Services	321,333	321,333	341,581	(20,248)
General Administration	128,771	128,771	177,702	(48,931)
School Building Administration	340,694	340,694	435,858	(95,164)
Fiscal	91,466	91,466	106,251	(14,785)
Operation and Maintenance of Plant	540,207	540,207	462,836	77,371
Facilities Acquisition/Remodeling	60,000	60,000	34,029	25,971
Pupil Transportation	370,200	370,200	420,257	(50,057)
Central Services	12,900	12,900	25,852	(12,952)
Insurance and Judgments	54,167	54,167	61,449	(7,282)
Debt Services	33,000	33,000	8,700	24,300
Other Support Services	22,100	22,100	17,797	4,303
Total Support	<u>2,361,374</u>	<u>2,361,374</u>	<u>2,486,245</u>	<u>(124,871)</u>
Non Program:				
Instructional Services	745,683	745,683	782,147	(36,464)
Other Non Program	-	-	125	(125)
Total Non Program	<u>745,683</u>	<u>745,683</u>	<u>782,272</u>	<u>(36,589)</u>
Total Expenditures	<u>6,587,526</u>	<u>6,587,526</u>	<u>6,733,906</u>	<u>(146,380)</u>
EXCESS OF REVENUES OVER EXPENDITURES	391,300	391,300	497,761	106,461
OTHER FINANCING SOURCES (USES)				
Transfers Out	(400,000)	(400,000)	-	400,000
NET CHANGE IN FUND BALANCE	(8,700)	(8,700)	497,761	506,461
Fund Balance, Beginning of Year	2,618,836	2,618,836	2,618,836	-
FUND BALANCE, END OF YEAR	<u>\$ 2,610,136</u>	<u>\$ 2,610,136</u>	<u>\$ 3,116,597</u>	<u>\$ 506,461</u>

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
 WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN (ASSET) LIABILITY
 LAST TEN PLAN MEASUREMENT DATES
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Plan Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2022	0.01636187%	\$ 866,803	\$ 3,065,600	28.28%	95.72%
12/31/2021	0.01578747%	(1,272,499)	2,874,689	44.27%	106.02%
12/31/2020	0.01543359%	(963,540)	2,584,335	37.28%	105.26%
12/31/2019	0.01608581%	(518,679)	2,425,616	21.38%	102.96%
12/31/2018	0.01678336%	597,099	2,409,581	24.78%	96.45%
12/31/2017	0.01712524%	(508,468)	2,560,986	19.85%	102.93%
12/31/2016	0.01654132%	136,340	2,493,111	5.47%	99.12%
12/31/2015	0.01584667%	257,505	2,363,580	10.89%	98.20%
12/31/2014	0.01560158%	(383,112)	2,201,158	17.41%	102.74%

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
 WISCONSIN RETIREMENT SYSTEM PENSION PLAN
 LAST TEN FISCAL YEARS
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2023	\$ 240,890	\$ (240,890)	\$ -	\$ 3,612,093	6.67%
6/30/2022	200,697	(200,697)	-	3,028,402	6.63%
6/30/2021	181,880	(181,880)	-	2,694,518	6.75%
6/30/2020	158,877	(158,877)	-	2,425,616	6.55%
6/30/2019	161,442	(161,442)	-	2,409,581	6.70%
6/30/2018	176,499	(176,499)	-	2,560,986	6.89%
6/30/2017	164,545	(164,545)	-	2,493,111	6.60%
6/30/2016	160,723	(160,723)	-	2,363,580	6.80%
6/30/2015	154,413	(154,413)	-	2,201,158	7.02%

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

Changes in Assumptions. Actuarial assumptions are based upon an 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 202 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%
- 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.

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
 LAST TEN PLAN MEASUREMENT DATES
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

OPEB Fiscal Year End Date (Measurement Date)	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2022	0.03479200%	\$ 132,551	\$ 1,658,000	7.99 %	38.81 %
12/31/2021	0.03702300%	218,820	1,745,000	12.54	29.57
12/31/2020	0.03553900%	195,490	1,636,000	11.95	31.36
12/31/2019	0.03302700%	140,635	1,531,000	9.19	37.58

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
 WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
 LAST TEN FISCAL YEARS
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

District's Fiscal Year End Date	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2023	\$ 769	\$ (769)	\$ -	\$ 1,658,000	0.05 %
6/30/2022	757	(757)	-	1,745,000	0.04 %
6/30/2021	708	(708)	-	1,636,000	0.04 %
6/30/2020	597	(597)	-	1,531,000	0.04 %

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

Changes of Assumption. The ETF 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 actual 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.

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information for the general fund is derived from the District's annual operating budget. The District did not adopt a budget for the food service fund.

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The District's legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the school board.
- The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where the 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 the 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. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.

Budget amounts in the financial statements include both the original adopted budget and the final budget. Actual expenditures in the general fund exceeded budgeted amounts by \$146,380.

SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2023**

	Special Revenue Funds		Total
	Special Projects	Community Services	Nonmajor Governmental Funds
ASSETS			
Cash and Investments	\$ 280,413	\$ 36,693	\$ 317,106
Due from Other Governments	-	343	343
	\$ 280,413	\$ 37,036	\$ 317,449
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to Other Funds	\$ 4,185	-	\$ 4,185
Fund Balances:			
Restricted	276,228	37,036	313,264
Total Liabilities and Fund Balances	\$ 280,413	\$ 37,036	\$ 317,449

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds		Total
	Special Projects	Community Services	Nonmajor Governmental Funds
REVENUES			
Local Sources:	\$ 122,395	\$ 15,762	\$ 138,157
Federal Sources	-	99,671	99,671
Total Revenues	122,395	115,433	237,828
EXPENDITURES			
Instruction:			
Co-Curricular Activities	105,602	-	105,602
Community Services	-	115,891	115,891
Total Expenditures	105,602	115,891	221,493
NET CHANGE IN FUND BALANCES	16,793	(458)	16,335
Fund Balances- Beginning of Year	259,435	37,494	296,929
FUND BALANCES - END OF YEAR	\$ 276,228	\$ 37,036	\$ 313,264

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 COMBINING BUDGETARY COMPARISON SCHEDULE
 FUND 10 AND FUND 27
 YEAR ENDED JUNE 30, 2023**

	Original Budgets				Final Budgets				Actuals			
	Fund 10		Fund 27		Fund 10		Fund 27		Fund 10		Fund 27	
	General	Special	Eliminations	Combined	General	Special	Eliminations	Combined	General	Special	Eliminations	Combined
	Fund	Education Fund			Fund	Education Fund			Fund	Education Fund		
REVENUES												
Local Sources:												
Property Taxes	\$ 1,595,046	\$ -	\$ -	\$ 1,595,046	\$ 1,595,046	\$ -	\$ -	\$ 1,595,046	\$ 1,595,046	\$ -	\$ -	\$ 1,595,046
Other Local Sources	14,827	-	-	14,827	14,827	-	-	14,827	76,944	-	-	76,944
Interdistrict Sources	409,380	-	-	409,380	409,380	-	-	409,380	403,740	-	-	403,740
Intermediate Sources	59,035	8,162	-	67,197	59,035	8,162	-	67,197	62,335	48,452	-	110,787
State Sources	3,600,943	260,279	-	3,861,222	3,600,943	260,279	-	3,861,222	3,611,265	285,821	-	3,897,086
Federal Sources	679,690	221,464	-	901,154	679,690	221,464	-	901,154	850,316	210,714	-	1,061,030
Other Sources	130,000	-	-	130,000	130,000	-	-	130,000	74,507	12,527	-	87,034
Total Revenues	6,488,921	489,905	-	6,978,826	6,488,921	489,905	-	6,978,826	6,674,153	557,514	-	7,231,667
EXPENDITURES												
Instruction:												
Undifferentiated Curriculum	1,632,045	-	-	1,632,045	1,632,045	-	-	1,632,045	1,542,343	-	-	1,542,343
Regular Curriculum	476,037	-	-	476,037	476,037	-	-	476,037	420,808	-	-	420,808
Vocational Curriculum	202,994	-	-	202,994	202,994	-	-	202,994	394,021	-	-	394,021
Physical Curriculum	180,737	-	-	180,737	180,737	-	-	180,737	138,605	-	-	138,605
Special Curriculum	-	795,422	-	795,422	-	795,422	-	795,422	-	841,641	-	841,641
Co-Curricular Activities	193,234	-	-	193,234	193,234	-	-	193,234	127,971	-	-	127,971
Total Instruction	2,685,047	795,422	-	3,480,469	2,685,047	795,422	-	3,480,469	2,623,748	841,641	-	3,465,389
Support Services:												
Pupil Services	245,656	140,880	-	386,536	245,656	140,880	-	386,536	246,587	147,346	-	393,933
Instructional Staff Services	217,585	103,748	-	321,333	217,585	103,748	-	321,333	221,950	119,631	-	341,581
General Administration	128,771	-	-	128,771	128,771	-	-	128,771	177,702	-	-	177,702
School Building Administration	340,694	-	-	340,694	340,694	-	-	340,694	435,858	-	-	435,858
Fiscal	91,466	-	-	91,466	91,466	-	-	91,466	100,801	5,450	-	106,251
Operation and Maintenance of Plant	536,707	3,500	-	540,207	536,707	3,500	-	540,207	460,864	1,972	-	462,836
Facilities Acquisition/Remodeling	-	60,000	-	60,000	-	60,000	-	60,000	24,304	9,725	-	34,029
Pupil Transportation	363,450	6,750	-	370,200	363,450	6,750	-	370,200	346,185	74,072	-	420,257
Central Services	12,900	-	-	12,900	12,900	-	-	12,900	25,852	-	-	25,852
Insurance and Judgments	54,167	-	-	54,167	54,167	-	-	54,167	61,449	-	-	61,449
Debt Services	33,000	-	-	33,000	33,000	-	-	33,000	8,700	-	-	8,700
Other Support Services	21,600	500	-	22,100	21,600	500	-	22,100	17,204	593	-	17,797
Total Support Services	2,045,996	315,378	-	2,361,374	2,045,996	315,378	-	2,361,374	2,127,456	358,789	-	2,486,245
Non-Program:												
Instructional Services	718,007	27,676	-	745,683	718,007	27,676	-	745,683	749,350	32,797	-	782,147
Other Non Program	-	-	-	-	-	-	-	-	125	-	-	125
Total Non Program	718,007	27,676	-	745,683	718,007	27,676	-	745,683	749,475	32,797	-	782,272
Total Expenditures	5,449,050	1,138,476	-	6,587,526	5,449,050	1,138,476	-	6,587,526	5,500,679	1,233,227	-	6,733,906
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,039,871	(648,571)	-	391,300	1,039,871	(648,571)	-	391,300	1,173,474	(675,713)	-	497,761
OTHER FINANCING SOURCES (USES)												
Transfers In	-	648,571	(648,571)	-	-	648,571	(648,571)	-	-	675,713	(675,713)	-
Transfers Out	(1,048,571)	-	648,571	(400,000)	(1,048,571)	-	648,571	(400,000)	(675,713)	-	675,713	-
Total Other Financing Sources (Uses)	(1,048,571)	648,571	-	(400,000)	(1,048,571)	648,571	-	(400,000)	(675,713)	675,713	-	-
NET CHANGE IN FUND BALANCE	(8,700)	-	-	(8,700)	(8,700)	-	-	(8,700)	497,761	-	-	497,761
Fund Balance - Beginning of Year	2,618,836	-	-	2,618,836	2,618,836	-	-	2,618,836	2,618,836	-	-	2,618,836
FUND BALANCE - END OF YEAR	\$ 2,610,136	\$ -	\$ -	\$ 2,610,136	\$ 2,610,136	\$ -	\$ -	\$ 2,610,136	\$ 3,116,597	\$ -	\$ -	\$ 3,116,597

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE
 FUND 10
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Local Sources:				
Property Taxes	\$ 1,595,046	\$ 1,595,046	\$ 1,595,046	\$ -
Other Local Sources	14,827	14,827	76,944	62,117
Interdistrict Sources	409,380	409,380	403,740	(5,640)
Intermediate Sources	59,035	59,035	62,335	3,300
State Sources	3,600,943	3,600,943	3,611,265	10,322
Federal Sources	679,690	679,690	850,316	170,626
Other Sources	130,000	130,000	74,507	(55,493)
Total Revenues	<u>6,488,921</u>	<u>6,488,921</u>	<u>6,674,153</u>	<u>185,232</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	1,632,045	1,632,045	1,542,343	89,702
Regular Curriculum	476,037	476,037	420,808	55,229
Vocational Curriculum	202,994	202,994	394,021	(191,027)
Physical Curriculum	180,737	180,737	138,605	42,132
Co-Curricular Activities	193,234	193,234	127,971	65,263
Total Instruction	<u>2,685,047</u>	<u>2,685,047</u>	<u>2,623,748</u>	<u>61,299</u>
Support Services:				
Pupil Services	245,656	245,656	246,587	(931)
Instructional Staff Services	217,585	217,585	221,950	(4,365)
General Administration	128,771	128,771	177,702	(48,931)
School Building Administration	340,694	340,694	435,858	(95,164)
Fiscal	91,466	91,466	100,801	(9,335)
Operation and Maintenance of Plant	536,707	536,707	460,864	75,843
Facilities Acquisition/Remodeling	-	-	24,304	(24,304)
Pupil Transportation	363,450	363,450	346,185	17,265
Central Services	12,900	12,900	25,852	(12,952)
Insurance and Judgments	54,167	54,167	61,449	(7,282)
Debt Services	33,000	33,000	8,700	24,300
Other Support Services	21,600	21,600	17,204	4,396
Total Support Services	<u>2,045,996</u>	<u>2,045,996</u>	<u>2,127,456</u>	<u>(81,460)</u>
Non Program:				
Instructional Services	718,007	718,007	749,350	(31,343)
Other Nonprogram	-	-	125	(125)
Total Nonprogram	<u>718,007</u>	<u>718,007</u>	<u>749,475</u>	<u>(31,468)</u>
Total Expenditures	<u>5,449,050</u>	<u>5,449,050</u>	<u>5,500,679</u>	<u>(51,629)</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,039,871	1,039,871	1,173,474	133,603
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,048,571)</u>	<u>(1,048,571)</u>	<u>(675,713)</u>	<u>372,858</u>
NET CHANGE IN FUND BALANCE	(8,700)	(8,700)	497,761	506,461
Fund Balance - Beginning of Year	<u>2,618,836</u>	<u>2,618,836</u>	<u>2,618,836</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,610,136</u>	<u>\$ 2,610,136</u>	<u>\$ 3,116,597</u>	<u>\$ 506,461</u>

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE
 FUND 27
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intermediate Sources	\$ 8,162	\$ 8,162	\$ 48,452	\$ 40,290
State Sources	260,279	260,279	285,821	25,542
Federal Sources	221,464	221,464	210,714	(10,750)
Other Sources	-	-	12,527	12,527
Total Revenues	<u>489,905</u>	<u>489,905</u>	<u>557,514</u>	<u>67,609</u>
EXPENDITURES				
Instruction:				
Special Curriculum	795,422	795,422	841,641	(46,219)
Support Services:				
Pupil Services	140,880	140,880	147,346	(6,466)
Instructional Staff Services	103,748	103,748	119,631	(15,883)
Fiscal	-	-	5,450	(5,450)
Operation and Maintenance of Plant	3,500	3,500	1,972	1,528
Facilities Acquisition/Remodeling	60,000	60,000	9,725	50,275
Pupil Transportation	6,750	6,750	74,072	(67,322)
Other Support Services	500	500	593	(93)
Total Support Services	<u>315,378</u>	<u>315,378</u>	<u>358,789</u>	<u>(43,411)</u>
Non Program:				
Instructional Services	<u>27,676</u>	<u>27,676</u>	<u>32,797</u>	<u>(5,121)</u>
Total Expenditures	<u>1,138,476</u>	<u>1,138,476</u>	<u>1,233,227</u>	<u>(94,751)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(648,571)	(648,571)	(675,713)	(27,142)
OTHER FINANCING SOURCES				
Transfers In	<u>648,571</u>	<u>648,571</u>	<u>675,713</u>	<u>27,142</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number (ALN)	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued Receivable (Unearned Revenue) July 1, 2022	Federal Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2023
<u>U.S. Department of Agriculture</u>								
Local Food for Schools Cooperative Agreement Program	10.185	WI DPI	2023-091204-DPI-LFS-174	\$ -	\$ -	\$ 500	\$ 500	\$ -
Child Nutrition Cluster:								
School Breakfast Program	10.553	WI DPI	2023-091204-DPI-SB-SEVERE-546	-	3,300	75,751	79,051	-
School Lunch Program:	10.555	WI DPI						
School Lunch			2023-091204-DPI-NSL-547	-	-	182,701	182,701	-
School Snack Program	10.555	WI DPI	2023-091204-DPI-SK_NSLAE-561	-	-	6,678	5,963	715
Food Donation (noncash)			A001-00000-091204	-	-	27,111	27,111	-
Total School Lunch Program (#10.555)				-	-	216,490	215,775	715
Summer Food Service Program	10.559	WI DPI	2023-091204-DPI-SFSP-561	-	6,040	7,857	6,040	7,857
Fresh Fruit and Vegetable Program	10.582	WI DPI	2023-091204-DPI-FFVJPJULPUB-594	-	-	11,460	11,460	-
Total Child Nutrition Cluster				-	9,340	311,558	312,326	8,572
Total Department of Agriculture				-	9,340	312,058	312,826	8,572
<u>Federal Communications Commission</u>								
COVID-19 Emergency Connectivity Fund Program	32.009	Direct	N/A	-	-	96,547	-	96,547
<u>U.S. Department of Education</u>								
ESEA Title I-A Basic Grant	84.010	WI DPI	2023-091204-DPI-TIA-141	-	87,276	132,051	157,540	61,787
Special Education Cluster:								
Flow-Through	84.027	WI DPI	2023-091204-DPI-FLOW-341	-	21,829	193,234	21,829	193,234
IDEA Preschool Entitlement	84.173	WI DPI	2023-091204-DPI-PRESCH-347	-	893	17,480	11,751	6,622
Total Special Education Cluster				-	22,722	210,714	33,580	199,856
21st Century Learning Center Grant	84.287	WI DPI	2023-091204-DPI-T-IV-B-367	-	-	99,671	99,328	343
Small Rural Achievement Program (Title IV-B)	84.358	Direct	N/A	-	-	29,098	29,098	-
Quality Teachers and Principals (Title II, Part A)	84.367	WI DPI	2023-091204-DPI-TIIA-365	-	19,542	23,901	43,443	-
Title VI-A Student Support and Academic Achievement	84.424	WI DPI	2023-091204-DPI-TIV-A-381	-	17,568	12,432	30,000	-
COVID-19 Education Stabilization Fund:								
CRRSA Act - General Education	84.425D	WI DPI	2022-091204-DPI-ESSERII-163	-	-	464	464	-
ARPA - General Education	84.425U	WI DPI	2022-091204-DPI-ESSERFIII-165, 2023-091204-DPI-ESF-Summer-165	-	-	485,060	284,469	200,591
American Rescue Plan (ARP) - LETRS	84.425U	WI DPI	2023-091204-DPI-LETRS-165	-	-	17,000	17,000	-
Total COVID-19 Education Stabilization Funds (#84.425)				-	-	502,524	301,933	200,591
Total Department of Education				-	147,108	1,010,391	694,922	462,577
<u>U.S. Department of Health and Human Services</u>								
Cooperative Agreement for Emergency Response	93.354	CESA 10	not available	-	-	11,629	11,629	-
Medicaid Cluster (School Based Services)	93.778	CESA 10	44232100	-	74,491	82,153	156,644	-
Total Department of Health and Human Services				-	74,491	93,782	168,273	-
Total Expenditures of Federal Awards				\$ -	\$ 230,939	\$ 1,512,778	\$ 1,176,021	\$ 567,696

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Grant Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2022	State Expenditures	State Reimbursements	Accrued Receivable (Unearned Revenue) June 30, 2023
<u>Wisconsin Department of Public Instruction</u>						
Major State Programs:						
General Aids Cluster:						
General Equalization Aid	255.201	091204-116	\$ -	\$ 2,599,862	\$ 2,599,862	\$ -
Aid for High Poverty School District	255.926	091204-121	-	21,683	21,683	-
Total General Aids Cluster			-	2,621,545	2,621,545	-
Per Pupil Aid	255.945	091204-113	-	309,414	309,414	-
Total Major Programs			-	2,930,959	2,930,959	-
Nonmajor State Programs:						
Special Education and School Age Parents:	255.101	[1] 091204-100	-	282,954	282,954	-
Internal District Programs			-	10,957	10,957	-
Participant in Co-op Program at CESA No. 10			-	293,911	293,911	-
Total Special Education Program			-	2,900	2,900	-
State Lunch Aid	255.102	091204-107	-	30,265	30,265	-
Common School Fund	255.103	091204-104	-	11,797	11,797	-
Pupil Transportation	255.107	091204-102	-	2,964	2,964	-
Wisconsin School Day Milk Program	255.115	091204-109	-	168,499	168,499	-
Sparsity Aid	255.212	091204-162	-	93,467	93,467	-
School Based Mental Health Services	255.297	091204-177	-	15,000	14,613	15,000
Alcohol & Other Drug Abuse (AODA)	255.306	091204-143	14,613	2,602	2,602	-
School Breakfast Program	255.344	091204-108	-	154	154	-
Early College Credit Program	255.445	091204-178	-	193,799	193,799	-
Achievement Gap Reduction	255.504	091204-160	-	2,720	5,360	-
Educator Effectiveness Grant	255.940	091204-154	2,640	48,538	48,538	-
High Cost Transportation Aid	255.947	091204-114	-	10,556	10,556	-
Career and Technical Education Incentive Grants	255.950	091204-152	-	885	885	-
Assessments of Reading Readiness	255.956	091204-166	-	2,866	2,866	-
Aid for Special Education Transition Grant	255.960	091204-168	-			
<u>Wisconsin Department of Workforce Development</u>						
Wisconsin Fast Forward	445.109	EF224AM10002	-	50,000	-	50,000
<u>Wisconsin Department of Justice</u>						
School Safety Grant	455.206	16548	14,815	47,551	53,103	9,263
Total Nonmajor Programs			32,068	978,474	936,279	74,263
Total State Financial Assistance			\$ 32,068	\$ 3,909,433	\$ 3,867,238	\$ 74,263

[1] District's 2022-2023 Net Aidable Costs Reported to DPI Totaled \$955,908.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023**

NOTE 4 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal and state award activity of the School District of Cornell under programs of the federal and state governments for the year ended June 30, 2023. The information in these Schedules is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *Wisconsin State Single Audit Guidelines*. Because the Schedules present only a selected portion of the operations of the School District of Cornell, they are not intended to and do not present the financial position, changes in net position, or cash flows of the School District of Cornell.

NOTE 5 BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and State Single Audit Guidelines, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 6 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed for the USDA Commodities Program (ALN 10.555).

NOTE 7 INDIRECT COSTS

The District has not elected to use the 10% de minimis indirect cost rate.

NOTE 8 MEDICAL ASSISTANCE

Expenditures presented for the Medicaid School Based Services (SBS) Benefit represent only the federal funds for the program that the District receives from the Department of Health Services (DHS). District records should be consulted to determine the total amount expended for this program.

NOTE 9 SUBRECIPIENTS

The district did not pass-through any funds to subrecipients.



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

Board of Education
School District of Cornell
Cornell, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Cornell, Wisconsin (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 12, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, and 2023-003, that we consider to be material weaknesses.

Report on Compliance and Other Matters

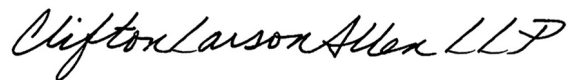
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District of Cornell'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 Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 District'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.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
February 12, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES

Board of Education
School District of Cornell
Cornell, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the School District of Cornell, Wisconsin's (District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. We have also audited the District's compliance with types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that are applicable to each of its major state programs (including federal programs required to be tested as major state programs) for the same period. The District's major federal programs and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

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

We are required to be independent of 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.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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 the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the 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

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
February 12, 2024

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weaknesses(es) identified? X yes no
 - Significant deficiency(ies) identified? yes X none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major programs:
- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified? yes X none reported
2. Type of auditors’ report issued on compliance for major programs Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559, 10.582 84.425D, 84.425U	Child Nutrition Cluster COVID-19 Education Stabilization Fund

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- Auditee qualified as low-risk auditee? yes X no

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results (Continued)

State Awards

1. Internal control over major programs:

- Material weakness identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

2. Type of auditors’ report issued on compliance for major programs Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? _____ yes X no

Identification of Major State program:

State ID Number(s)	Name of State Program or Cluster
255.201, 255.926 255.945	General Aids Cluster Per Pupil Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$ 250,000

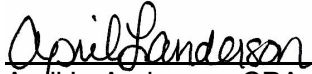
Auditee qualified as low-risk auditee? _____ yes X no

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results (Continued)

OTHER ISSUES

- | | |
|--|----|
| 1. Do the auditors’ 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 |
| 2. Does the auditors’ report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Public Instruction | No |
| Department of Health Services | No |
| Department of Workforce Development | No |
| Department of Justice | No |
| 3. Was a management letter or other document conveying audit comments issued as a result of this audit? | No |

4. Name and signature of Principal	 _____ April L. Anderson, CPA
5. Date of Report	February 12, 2024

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Findings Related to the Financial Statements

FINDING: 2023-001 Internal Control Over Financial Reporting

Type of Finding: Material Weakness in Internal Control Over Reporting

Criteria: The District is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including related disclosures, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Condition: The District does not have an internal control policy in place over annual financial reporting that would enable management to conclude its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

Context: The District has made the decision due to cost and other considerations to outsource the preparation of the annual financial statements including footnote disclosures.

Cause: The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have designated an individual with suitable skill, knowledge, or experience to oversee their preparation and have reviewed, approved and accepted responsibility for the annual financial statements and the related footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls. This finding was identified and communicated in a prior period; remedial action has not yet been taken.

Repeat Finding: See 2022-001.

Recommendation: The District should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Views of Responsible Officials: The District will continue to rely on the audit firm to prepare the financial statements and related footnote disclosures in accordance with GAAP. District management will review, approve and accept responsibility for these financial statements prior to the issuance. The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Findings Related to the Financial Statements (Continued)

FINDING: 2023-002 Limited Segregation of Duties

Type of Finding: Material Weakness in Internal Control Over Reporting

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition: The auditors noted during the audit that the available staff may preclude a proper separation of duties to assure adequate internal control.

Context: The limited size of the District's staff responsible for accounting and financial duties may preclude a complete segregation of incompatible duties. The District has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.

Cause: The condition is due to limited staff available.

Effect: Lack of segregation of duties could result in a financial statement misstatement, caused by error or fraud that would not be detected or prevented by District staff.

Repeat Finding: See 2022-002.

Recommendation: The District should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

Views of Responsible Officials: The District continues to work to achieve segregation of duties whenever cost effective. The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Findings Related to the Financial Statements (Continued)

FINDING: 2023-003 Material Audit Adjustments

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Criteria: The District should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.

Condition: The audit firm proposed and the District posted to its general ledger accounts journal entries for correcting certain misstatements.

Context: The District has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust the accounts in accordance with GAAP. Management will review and approve those entries prior to recording them.

Cause: The District relies on the audit firm to propose certain adjusting entries.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls.

Repeat Finding: See 2022-003.

Recommendation: The District should continue to evaluate their internal control processes to determine if additional procedures should be implemented to ensure that the accounts are adjusted to their appropriate year-end balances.

Views of Responsible Officials: The District has reviewed and approved such adjustments. The District will review the adjustments again during the reconciling process at year-end 2023. The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings Related to Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Findings Related to Major State Financial Assistance Programs

Our audit did not disclose any matters required to be reported in accordance with the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

Section V – Findings Related to State General Requirements

None.



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