

**SCHOOL DISTRICT OF SOLON SPRINGS  
SOLON SPRINGS, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



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SOLON SPRINGS, WISCONSIN  
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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Education  
School District of Solon Springs  
Solon Springs, 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 Solon Springs, 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 as referenced in the table of contents, 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 a management's discussion and analysis 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, and charter school authorization annual report, sections VI and VII, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards, as required by the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction, are also 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the charter school authorization report, sections I through V, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023, 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**

Rice Lake, Wisconsin  
November 21, 2023



## **BASIC FINANCIAL STATEMENTS**

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

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 2,591,073
Taxes Receivable	820,782
Accounts Receivable	13,143
Due from Other Governments	142,213
Prepaid Expenditures	1,000
Capital Assets	7,253,266
Accumulated Depreciation/Amortization	(4,793,697)
Total Assets	6,027,780
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Wisconsin Retirement System Pension Plan Related	4,523,649
State Life Insurance Other Postemployment Benefits Related	77,596
Other Postemployment Benefits Related	79,886
Total Deferred Outflows of Resources	4,681,131
<b>LIABILITIES</b>	
Accounts Payable	15,643
Accrued Salaries and Wages	281,475
Payroll Taxes and Withholdings	178,981
Current Portion of Long-Term Obligations	23,398
Long-Term Liabilities:	
Lease Liabilities	9,841
Compensated Absences	771,685
Wisconsin Retirement System Net Pension Plan Liability	733,271
State Life Insurance Net Other Postemployment Benefits Liability	148,858
Other Postemployment Benefits	157,286
Total Liabilities	2,320,438
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Wisconsin Retirement System Pension Related Items	3,417,004
State Life Insurance Other Postemployment Benefits Related	129,606
Other Postemployment Benefits Related	37,963
Total Deferred Inflows of Resources	3,584,573
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,436,075
Restricted for:	
Food Service	31,715
Community Services	55,755
Other Purposes	224,105
Unrestricted	2,056,250
Total Net Position	\$ 4,803,900

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, 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
<b>Primary Government:</b>					
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 2,168,575	\$ 178,021	\$ 394,927	\$ -	\$ (1,595,627)
Vocational Instruction	95,271	22,162	2,221	-	(70,888)
Special Instruction	603,634	136,189	274,667	-	(192,778)
Other Instruction	315,996	84,868	26,084	-	(205,044)
Total Instruction	3,183,476	421,239	697,899	-	(2,064,338)
Support Services:					
Pupil Services	433,020	-	58,911	-	(374,109)
Instructional Staff Services	267,361	-	128,145	-	(139,216)
General Administration Services	219,695	-	26,382	-	(193,313)
Building Administration Services	215,474	-	23,286	-	(192,188)
Business Services	133,909	-	1,145	-	(132,764)
Operations and Maintenance of Plant	428,161	-	8,275	-	(419,886)
Pupil Transportation Services	241,195	-	28,795	40,049	(172,351)
Food Service	238,271	63,309	141,881	-	(33,081)
Central Services	43,736	-	-	-	(43,736)
Insurance and Judgments	59,122	-	-	-	(59,122)
Interest and Fiscal Fees	1,683	-	-	-	(1,683)
Community Services	378,602	206,455	59,610	-	(112,537)
Non-Program Transactions	622,067	-	2,686	-	(619,381)
Depreciation - Unallocated *	78,873	-	-	-	(78,873)
Total Support Services	3,361,169	269,764	479,116	40,049	(2,572,240)
Total Primary Government	\$ 6,544,645	\$ 691,003	\$ 1,177,015	\$ 40,049	(4,636,578)
<b>GENERAL REVENUES</b>					
Taxes:					
Property Taxes, Levied for General Purposes					2,151,721
Property Taxes, Levied for Community Service Purposes					114,000
Other Taxes					872
State Aids Not Restricted to Specific Functions:					
General					1,886,440
Other					381,499
Interest and Investment Earnings					64,754
Miscellaneous					252,191
Total General Revenues					4,851,477
<b>CHANGE IN NET POSITION</b>					
					214,899
Net Position - Beginning of Year					4,589,001
<b>NET POSITION - END OF YEAR</b>					<b>\$ 4,803,900</b>

\* This amount excludes depreciation included in the direct expense of the various functions - see Note 3.B.

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

	Major Funds			Total
	General Fund	Debt Service Fund	Nonmajor Funds	
<b>ASSETS</b>				
Cash and Investments	\$ 2,278,231	\$ -	\$ 312,842	\$ 2,591,073
Taxes Receivable	820,782	-	-	820,782
Accounts Receivable	732	-	12,411	13,143
Due from Other Governments	136,359	-	5,854	142,213
Prepaid Expenditures	-	-	1,000	1,000
	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total Assets	<u>\$ 3,236,104</u>	<u>\$ -</u>	<u>\$ 332,107</u>	<u>\$ 3,568,211</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 10,809	\$ -	\$ 4,834	\$ 15,643
Accrued Salaries and Wages	270,933	-	10,542	281,475
Payroll Taxes and Withholdings	173,825	-	5,156	178,981
Total Liabilities	<u>455,567</u>	<u>-</u>	<u>20,532</u>	<u>476,099</u>
Fund Balances:				
Restricted	-	-	311,575	311,575
Unassigned	2,780,537	-	-	2,780,537
Total Fund Balances	<u>2,780,537</u>	<u>-</u>	<u>311,575</u>	<u>3,092,112</u>
Total Liabilities and Fund Balances	<u>\$ 3,236,104</u>	<u>\$ -</u>	<u>\$ 332,107</u>	<u>\$ 3,568,211</u>

See accompanying Notes to Basic Financial Statements.

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

**Total Fund Balances - Governmental Funds** \$ 3,092,112

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 Improvements	\$ 346,200	
Buildings	5,191,251	
Machinery and Equipment	837,035	
Motor Vehicles	819,952	
Leased Assets - Right-to-Use	58,828	
Accumulated Depreciation/Amortization	<u>(4,793,697)</u>	2,459,569

Net pension plan and other postemployment benefit asset (liability) and related deferred outflows and inflows are recorded only on the Statement of Net Position. Balances at year-end are:

Wisconsin Retirement System Pension Plan:

Net Pension Asset (Liability)	(733,271)	
Deferred Outflows of Resources	4,523,649	
Deferred Inflows of Resources	<u>(3,417,004)</u>	373,374

Other Postemployment Benefits:

Other Postemployment Benefit Asset (Liability)	(306,144)	
Deferred Outflows of Resources	157,482	
Deferred Inflows of Resources	<u>(167,569)</u>	(316,231)

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 - Right-to-Use	23,494	
Compensated Absences	<u>781,430</u>	<u>(804,924)</u>

**Net Position of Governmental Activities** \$ 4,803,900

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

	Major Funds			Total
	General Fund	Debt Service Fund	Nonmajor Funds	
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 2,151,721	\$ -	\$ 114,000	\$ 2,265,721
Other Local Sources	412,582	-	485,769	898,351
Interdistrict Sources	402,765	-	-	402,765
Intermediate Sources	2,734	-	-	2,734
State Sources	2,513,591	-	3,154	2,516,745
Federal Sources	443,369	-	198,337	641,706
Other Sources	31,522	-	-	31,522
Total Revenues	<u>5,958,284</u>	<u>-</u>	<u>801,260</u>	<u>6,759,544</u>
<b>EXPENDITURES</b>				
Instruction:				
Undifferentiated Curriculum	1,397,316	-	-	1,397,316
Regular Curriculum	710,028	-	-	710,028
Vocational Curriculum	91,888	-	-	91,888
Special Curriculum	564,792	-	-	564,792
Physical and Co-Curricular Activities	210,541	-	93,140	303,681
Support Services:				
Pupil Services	408,515	-	3,170	411,685
Instructional Staff Services	267,713	-	-	267,713
General Administration	211,979	-	-	211,979
School Building Administration	204,507	-	-	204,507
Business Services	125,769	-	-	125,769
Operations and Maintenance of Plant	391,247	-	3,047	394,294
Pupil Transportation Services	232,435	-	8,171	240,606
Food Service	-	-	217,783	217,783
Central Services	35,104	-	-	35,104
Insurance and Judgments	59,122	-	-	59,122
Debt Service	9,047	31,675	12,000	52,722
Other Support Services	51,768	-	-	51,768
Community Services	-	-	372,195	372,195
Non-Program	557,323	-	-	557,323
Total Expenditures	<u>5,529,094</u>	<u>31,675</u>	<u>709,506</u>	<u>6,270,275</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	429,190	(31,675)	91,754	489,269
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	31,675	-	31,675
Transfers Out	(31,675)	-	-	(31,675)
Net Other Financing Sources (Uses)	<u>(31,675)</u>	<u>31,675</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	397,515	-	91,754	489,269
Fund Balances - Beginning of Year	<u>2,383,022</u>	<u>-</u>	<u>219,821</u>	<u>2,602,843</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,780,537</u>	<u>\$ -</u>	<u>\$ 311,575</u>	<u>\$ 3,092,112</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, 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** \$ 489,269

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	\$ 144,905	
Depreciation/Amortization Expense Reported in the Statement of Activities	<u>(267,938)</u>	(123,033)

Wisconsin Retirement System Pension Plan:

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension assets (Liability and the related deferred inflows and outflows of resources.		(198,445)
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Repayment of long-term debt and related obligations are reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

State Trust Fund Loan Retirement	30,827	
The Amount of Right-to-Use Lease Principal Payments in the Current Year	<u>20,212</u>	51,039

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 Other Postemployment Benefits	(25,315)	
Net Change in Compensated Absences	<u>21,384</u>	<u>(3,931)</u>

**Change in Net Position of Governmental Activities** \$ 214,899

## **NOTES TO BASIC FINANCIAL STATEMENTS**



**SCHOOL DISTRICT OF SOLON SPRINGS  
SOLON SPRINGS, 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 Solon Springs (the District) have been prepared in conformity with generally accepted accounting principles (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 Solon Springs is organized as a common school district. The District, governed by a five-member elected school board, operates grades pre-kindergarten through twelve and is comprised of all or parts of six 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.

**SCHOOL DISTRICT OF SOLON SPRINGS  
SOLON SPRINGS, 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)

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. 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. 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.

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

The District does not report any fiduciary funds.

**D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. 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.

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

**SCHOOL DISTRICT OF SOLON SPRINGS  
SOLON SPRINGS, 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)**

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 six months after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, lease liabilities, 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 of right-to-use assets by lease arrangements 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 generally accepted accounting principles 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**

Investments of the District are stated at fair value. The District's cash is considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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 SOLON SPRINGS  
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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.

**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 county treasurer for those taxes collected on their behalf. The county treasurer who then makes settlement with the city, town, village and school districts before retaining any for county 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 County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which 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.

**Accounts Receivable.** All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, 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)**

**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. Inventories and Prepaid Items**

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid items. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year's cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market.

**4. Capital Assets**

Capital assets are reported at actual cost or estimated historical costs based on an appraisal conducted by an independent third-party appraisal firm. Donated assets are reported at estimated acquisition value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$5,000	Straight-Line	20 Years
Buildings	5,000	Straight-Line	50 Years
Building Improvements	5,000	Straight-Line	7 to 30 Years
Furniture and Equipment	5,000	Straight-Line	5 to 20 Years
Vehicles	5,000	Straight-Line	8 Years
Textbooks, Library, and Media*	5,000	Straight-Line	10 Years
Right-to-Use Leased Asset-Equipment	5,000	Straight-Line	5 Years
Right-to-Use Leased Asset-Buildings	5,000	Straight-Line	2 Years

**SCHOOL DISTRICT OF SOLON SPRINGS  
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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)**

**4. Capital Assets (Continued)**

\* For purposes of determining the capitalization threshold for these items the District groups all purchases for the year

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.

**5. Deferred Outflows of Resources**

The District would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. The District reports deferred outflows of resources related to pension and other postemployment benefit related items.

**6. Deferred Inflows of Resources**

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

**7. Compensated Absences**

The District's policy allows employees to accrue varying amounts of vacation pay on a fiscal year basis, however it operates on a use it lose it basis on a calendar year basis. The District's policy allows employees to accrue varying amounts of sick leave pay for each year employed.

A liability for compensated absences is not accrued in the District's governmental fund financial statements but is recorded as expenditure when paid. Such liability is accrued in the government-wide financial statements when earned. The District's policies and estimated liabilities at year-end are further discussed in Note 4.D.

**SCHOOL DISTRICT OF SOLON SPRINGS  
SOLON SPRINGS, 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 Payable (OPEB) – Single Employer Plan**

Under the provisions of various employee and union contracts the District provides contributions toward health care premiums for a period of time until Medicare-eligible if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 75.

**9. Other Postemployment Benefits (OPEB) – Multiple Employer 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 postemployment 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 employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. 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.

**11. Long-Term Obligations**

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

**SCHOOL DISTRICT OF SOLON SPRINGS  
SOLON SPRINGS, 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. Long-Term Obligations (Continued)**

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.

**12. 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.

**13. Equity Classifications**

Fund equity, representing the difference between assets and deferred outflows, less liabilities and deferred inflows, 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, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of 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.

**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 that are legally or contractually required to be maintained intact. 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.



**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, 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)**

**13. Equity Classifications (Continued)**

The District has not set a policy on minimum unassigned fund balance. Committed fund balance is required to be established, modified, or rescinded by resolution of the District Board prior to each year-end. Based on resolution of the District Board, the District Administrator has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's policy to use committed, assigned and finally unassigned fund balance.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

The District's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. In the general fund, expenditures exceeded the budgeted amount for expenditures as shown below:

<b>EXPENDITURES</b>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Instruction:			
Regular Curriculum	\$ 709,888	\$ 710,028	\$ (140)
Vocational Curriculum	89,567	91,888	(2,321)
Support Services:			
Business Services	122,336	125,769	(3,433)
Operation and Maintenance of Plant	388,953	391,247	(2,294)
Insurance and Judgments	55,053	59,122	(4,069)
Debt Services	8,753	9,047	(294)

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as recommended by the Department of Public Instruction. In addition, donated funds are invested as the donor specifies. All other funds share in common cash and investment accounts.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

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

Governmental Funds	\$ 2,591,073
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The above balances at June 30, 2023 consisted of the following:

Deposits at Financial Institutions:	
Bank Accounts Subject to Federal and State	
Depository Coverage	\$ 317,411
Investment with State Local Government	
Pooled-Investment Fund	2,273,362
Petty Cash	300
Total	\$ 2,591,073

Deposits at Financial Institutions

The District's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides coverage of up to \$250,000 for time and savings deposits and up to an additional \$250,000 for demand accounts. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the organization or party for whom the funds are held. 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 bank failure, the District's deposits may not be returned. At June 30, 2023, the District's deposits were not exposed to custodial credit risk.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

Investments

The District's investments at June 30, 2023 consisted of the following:

**Deposits in State Local Government Pooled-Investment Fund.** 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. The State Investment Fund is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. 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 the 12 month period ended June 30, 2023 was 17 days. Investment in the LGIP is measured at amortized cost.

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 as 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.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

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.

There were no investments measured at fair value at June 30, 2023.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Land Improvements	\$ 346,200	\$ -	\$ -	\$ 346,200
Buildings and Improvements	5,100,743	90,508	-	5,191,251
Machinery and Equipment	1,166,932	14,348	(344,245)	837,035
Motor Vehicles	779,903	40,049	-	819,952
Leased Assets (Right-to-Use)	58,828	-	-	58,828
Total Capital Assets	7,452,606	144,905	(344,245)	7,253,266
Accumulated Depreciation/Amortization:				
Land Improvements	322,469	1,189	-	323,658
Buildings and Improvements	3,133,048	131,142	-	3,264,190
Machinery and Equipment	826,049	79,387	(344,245)	561,191
Motor Vehicles	572,974	35,876	-	608,850
Leased Assets (Right-to-Use)	15,464	20,344	-	35,808
Total Accumulated Depreciation/Amortization	4,870,004	267,938	(344,245)	4,793,697
Governmental Activities Capital Assets				
Net of Accumulated Depreciation/Amortization	\$ 2,582,602	\$ (123,033)	\$ -	\$ 2,459,569

Depreciation/Amortization was charged to governmental functions as follows:

Instruction:	
Regular Instruction	\$ 15,345
Special Instruction	210
Co-Curricular Activities	3,191
Support Services:	
Pupil Services	2,710
Instructional Staff Services	1,715
General Administrative Services	2,438
Operation and Maintenance of Plant	108,657
Pupil Transportation Services	35,876
Food Services	10,291
Central Services	8,632
Unallocated Depreciation	78,873
Total Depreciation/Amortization for Governmental Activities	\$ 267,938

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Interfund Receivables, Payables, and Transfers**

Interfund Transfers

The District has the following interfund transfers as of June 30, 2023:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	General Fund	\$ 31,675	Debt Payment
	Total	<u>\$ 31,675</u>	

**D. Long-Term Obligations**

Changes in Long-Term Obligations

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

	<u>Balances July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2023</u>	<u>Amounts Due Within One Year</u>
General Obligation Notes from Direct Borrowings:					
State Trust Fund Loans	\$ 30,827	\$ -	\$ 30,827	\$ -	\$ -
Other Long-Term Obligations:					
Lease Liability - Right to Use	43,706	-	20,212	23,494	13,653
Vested Employee Benefits					
Compensated Absences	802,814	-	21,384	781,430	9,745
Total	<u>\$ 877,347</u>	<u>\$ -</u>	<u>\$ 72,423</u>	<u>\$ 804,924</u>	<u>\$ 23,398</u>

The District's other long-term obligations are generally liquidated from the general fund and special revenue funds. The District's estimated liabilities for employee compensated absences are discussed in Note 4.D.

**SCHOOL DISTRICT OF SOLON SPRINGS  
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 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

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

Debt Limit (10% of \$340,686,884)	\$ 34,068,688
Deduct Long-Term Debt Application to Debt Margin	-
Margin of Indebtedness	\$ 34,068,688

Lease Liability: Right-to-Use Asset Agreements

During a prior year, the District had recorded an initial lease liability in the amount of \$58,828 for the right-to-use lease arrangements for copier and printers, a postage machine, and building rent for the day care operation. The District is required to make various monthly principal and interest payments. The District used the incremental borrowing rate as the interest rate for the right-to-use asset agreements if an interest rate was not provided in the lease agreement.

Total principal and interest costs for the lease for the governmental funds for the year ended June 30, 2023 was \$20,212 and \$835, respectively. The future minimum lease payments for this agreement is as follows:

<u>Fiscal Year Ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2024	\$ 13,653	\$ 394	\$ 14,047
2025	8,898	115	9,013
2026	943	3	946
Total	\$ 23,494	\$ 512	\$ 24,006

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

	Governmental Activities
Right to Use Assets:	
Lease Asset - Machinery and Equipment	\$ 35,404
Lease Asset - Buildings	23,424
Less: Accumulated Amortization	(35,808)
Total	\$ 23,020

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

**NOTE 3 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:

	<u>Total</u>	<u>Restricted</u>	<u>Unassigned</u>
Major Funds:			
General Fund:			
Unassigned	\$ 2,780,537	\$ -	\$ 2,780,537
Nonmajor Funds:			
Special Revenue Funds:			
Food Service:			
Other Food Service Programs	31,715	31,715	-
Community Service Projects	55,755	55,755	-
Gift Fund Donor Specified Purposes	<u>224,105</u>	<u>224,105</u>	<u>-</u>
Subtotal Nonmajor Funds	<u>311,575</u>	<u>311,575</u>	<u>-</u>
Total Governmental Fund Balances at June 30, 2023	<u>\$ 3,092,112</u>	<u>\$ 311,575</u>	<u>\$ 2,780,537</u>



**SCHOOL DISTRICT OF SOLON SPRINGS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER INFORMATION**

**A. Wisconsin Retirement System Pension Plan Benefits**

General Information about the Pension Plan

*Plan Description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 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 <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

*Benefits Provided.* Employees who retire at or after age 65 (54 for protective occupation employees 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.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. 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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the District's fiscal year of July 1, 2022 through June 30, 2023, the WRS recognized \$176,532 in contributions from the employer.

Contribution rates for the fiscal year ending June 30, 2023 were:

	Employee	Employer
General	6.80 %	6.80 %
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 (Percent)	Variable Fund Adjustment (Percent)
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

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

At June 30, 2023, the District reported a liability of \$733,271 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.01384130%, which was an increase of 0.00027931% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$372,125.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,167,872	\$ 1,534,324
Changes of Assumptions	144,191	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,120,994	1,875,337
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	2,443	7,343
District Contributions Subsequent to the Measurement Date	88,149	-
Total	<u>\$ 4,523,649</u>	<u>\$ 3,417,004</u>

\$88,149 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 41,756
2025	210,218
2026	215,346
2027	551,176

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

*Actuarial Assumptions.* The total pension liability in the 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.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

Pension Assets/Liabilities, Pension Expense, 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 is 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 (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
District’s Proportionate Share of the Net Pension Liability (Asset)	\$ 2,433,702	\$ 733,271	\$ (436,480)

*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>.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits – Multiple Employer Plan**

General Information about the Other Postemployment Benefits Plan

*Plan Description.* The LRLIF is a multiple-employer cost sharing 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 postemployment life insurance benefits for all eligible members.

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

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

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

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

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

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits – Multiple Employer Plan (Continued)**

General Information about the Other Postemployment Benefits Plan (Continued)

Member 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 member contribution rates in effect for the year ended December 31, 2022 are as listed below:

<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 \$905 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 \$148,858 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 0.03907200%, which was an increase of 0.00441600% from its proportion measured as of December 31, 2021.



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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits – Multiple Employer 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 \$13,230. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 14,568
Changes of Assumptions	53,482	87,867
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	2,794	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	20,830	27,171
District Contributions Subsequent to the Measurement Date	490	-
Total	<u>\$ 77,596</u>	<u>\$ 129,606</u>

\$490 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 Ended June 30,</u>	<u>OPEB Expense Amount</u>
2024	\$ (4,701)
2025	(6,776)
2026	(5,405)
2027	(10,047)
2028	(14,878)
Thereafter	(10,693)

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits – Multiple Employer 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 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield*:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

\*Based on the Bond Buyers GO Index

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

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits – Multiple Employer Plan (Continued)**

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

*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.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	50 %	2.45 %
U.S. Mortgages	Bloomberg US MBS	50	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 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.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits – Multiple Employer Plan (Continued)**

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

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

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate.* The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.76%, 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)	\$ 202,952	\$ 148,858	\$ 107,401

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>.

**C. Other Postemployment Benefit Plan (OPEB) – Single Employer Plan**

General Information about the OPEB Plan

*Single-Employer Plan Description.* The School District of Solon Springs OPEB Plan is a single-employer defined benefit plan. The District's School Board has authority for program administration and oversight. Upon retirement, certain classifications of employees with a minimum number of years of service to the District will have unused accumulated sick leave converted to an amount which may be used towards continued coverage in the District's medical plan or an outside medical plan, until exhaustion of the converted amount. The District does not accumulate any assets in a trust to fund the plan.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (OPEB) – Single Employer Plan (Continued)**

General Information about the OPEB Plan (Continued)

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	16
Active plan members	36
Total	58

Total OPEB Liability

The District’s total OPEB liability of \$157,286 was measured as of June 30, 2023.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2021 actuarial valuation rolled forward to June 30, 2023 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry Age Normal (Level Percent of Salary)
Salary Increases:	3.0% Including Inflation
Discount Rate:	4.25%
Healthcare Cost Trend Rates:	6.5%, Decreasing by 0.1% per Year Down to 5.0%, and Level Thereafter
Mortality:	Wisconsin 2018 Mortality Table

The discount rate was based on the Bond Buyer Go 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

The actuarial assumptions used were based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (OPEB) – Single Employer Plan (Continued)**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 165,648
Changes for the Year:	
Service Cost	12,957
Interest on Total OPEB Liability	5,767
Differences Between Expected and Actual Experience	(5,508)
Changes of Assumptions or Other Input	(6,848)
Benefit Payments	(14,730)
Net Changes	(8,362)
Balance at June 30, 2023	\$ 157,286

There were no changes in benefit terms or assumptions during the reporting period.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25%) or 1-percentage-point higher (5.25%) than the current discount rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Total OPEB Liability	\$ 166,507	\$ 157,286	\$ 148,584

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current healthcare cost trend rates:

	1% Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.00%)	1% Increase (7.5% Decreasing to 6.00%)
Total OPEB Liability	\$ 146,250	\$ 157,286	\$ 170,064

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (OPEB) – Single Employer Plan (Continued)**

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$27,706. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 66,353	\$ 4,957
Changes of Assumptions	13,533	33,006
Total	\$ 79,886	\$ 37,963

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

Year Ended June 30,	OPEB Expense Amount
2024	\$ 8,982
2025	8,982
2026	8,980
2027	8,831
2028	8,828
Thereafter	(2,680)

Total OPEB expense for the aggregate of all defined benefit OPEB plans for the year ended June 30, 2023, was \$40,936.

**D. Compensated Absences**

School District of Solon Springs employees meeting eligibility requirements will be compensated for their accumulated vacation and sick leave as negotiated and approved in their individual contracts. The District's estimated liability for this leave totaled \$781,430 at June 30, 2023.

**E. Health Insurance Program**

Effective February 1, 1988 the District entered into the Northern Wisconsin Schools Employee Benefit Plan and Trust medical and dental self-insurance program (hereinafter "Trust"). National Benefit Consultants, Inc. acts as the third-party administrator for the Trust. The Northern Wisconsin Schools Association Board of Trustees annually shall establish such benefit structure as it deems necessary for the smooth operation of the Trust and shall establish a medical self-insurance plan.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Health Insurance Program (Continued)**

At a minimum, the board of trustees shall establish an individual stop/loss and an aggregate stop/loss for all the options which shall be averaged on a per participant basis on a monthly basis to arrive at the aggregate attachment point. All medical expenses covered under this health care benefit are paid for by Northern School District Trust.

The board of trustees will annually, on recommendation of the third-party administrator, determine the basic premium levels and may at any time during that year or thereafter establish any charges annually so as to balance the individual employer units account up to 10% of that employer units calculated aggregate attachment point plus cost of administration, stop/loss, legal and other operational costs.

The purchase of stop/loss shall be on an incurred basis and for 2022-2023 shall be at 125% of anticipated claims and at \$175,000 specific (per individual). The Trust may come back to the employer units for any additional costs should claims, administrative and other costs be higher than anticipated. Districts shall share in any specific (per individual) stop/losses in proportion to their aggregate responsibilities for each specific stop/loss in excess of \$50,000. Settled claims have not exceeded coverage in any of the last three years.

**F. 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 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.

**G. 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 last three years.



**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 2,190,785	\$ 2,190,785	\$ 2,151,721	\$ (39,064)
Other Local Sources	381,576	381,576	412,582	31,006
Interdistrict Sources	377,726	377,726	402,765	25,039
Intermediate Sources	2,100	2,100	2,734	634
State Sources	2,390,866	2,390,866	2,513,591	122,725
Federal Sources	653,039	653,039	443,369	(209,670)
Other Revenues	15,500	15,500	31,522	16,022
Total Revenues	<u>6,011,592</u>	<u>6,011,592</u>	<u>5,958,284</u>	<u>(53,308)</u>
<b>EXPENDITURES</b>				
Instruction:				
Undifferentiated Curriculum	1,472,228	1,472,228	1,397,316	74,912
Regular Curriculum	709,888	709,888	710,028	(140)
Vocational Curriculum	89,567	89,567	91,888	(2,321)
Special Curriculum	598,320	598,320	538,708	59,612
Physical Curriculum	126,112	126,112	125,161	951
Co-Curricular Activities	94,190	94,190	85,380	8,810
Other Special Needs	37,700	37,700	26,084	11,616
Total Instruction	<u>3,128,005</u>	<u>3,128,005</u>	<u>2,974,565</u>	<u>153,440</u>
Support Services:				
Pupil Services	473,500	473,500	408,515	64,985
Instructional Staff Services	341,392	341,392	267,713	73,679
General Administration	222,457	222,457	211,979	10,478
School Building Administration	213,594	213,594	204,507	9,087
Business Services	122,336	122,336	125,769	(3,433)
Operation and Maintenance of Plant	388,953	388,953	391,247	(2,294)
Pupil Transportation Services	266,502	266,502	232,435	34,067
Central Services	37,503	37,503	35,104	2,399
Insurance and Judgments	55,053	55,053	59,122	(4,069)
Debt Services	8,753	8,753	9,047	(294)
Other Support Services	60,990	60,990	51,768	9,222
Total Support Services	<u>2,191,033</u>	<u>2,191,033</u>	<u>1,997,206</u>	<u>193,827</u>
Nonprogram:				
Instructional Services	555,344	555,344	551,488	3,856
Other Nonprogram	14,690	14,690	5,835	8,855
Total Nonprogram	<u>570,034</u>	<u>570,034</u>	<u>557,323</u>	<u>12,711</u>
Total Expenditures	<u>5,889,072</u>	<u>5,889,072</u>	<u>5,529,094</u>	<u>359,978</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	122,520	122,520	429,190	306,670
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(45,630)</u>	<u>(45,630)</u>	<u>(31,675)</u>	<u>13,955</u>
<b>NET CHANGE IN FUND BALANCE</b>	76,890	76,890	397,515	320,625
Fund Balance - Beginning of Year	<u>2,383,022</u>	<u>2,383,022</u>	<u>2,383,022</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 2,459,912</u></u>	<u><u>\$ 2,459,912</u></u>	<u><u>\$ 2,780,537</u></u>	<u><u>\$ 320,625</u></u>

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, WISCONSIN  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF  
 WISCONSIN RETIREMENT SYSTEM NET PENSION LIABILITY (ASSET)  
 LAST TEN FISCAL YEARS  
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

<u>Plan Measurement Date</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/2022	0.01384130%	\$ 733,271	\$ 2,568,198	28.55%	95.72%
12/31/2021	0.01356199%	(1,093,121)	2,356,392	46.39%	106.02%
12/31/2020	0.01319759%	(823,943)	2,285,883	36.04%	105.26%
12/31/2019	0.01293970%	(417,235)	2,132,356	19.57%	102.96%
12/31/2018	0.01283759%	456,721	1,926,250	23.71%	96.45%
12/31/2017	0.01286312%	(381,921)	1,924,493	19.85%	102.93%
12/31/2016	0.01292752%	106,554	1,884,430	5.65%	99.12%
12/31/2015	0.01318953%	214,327	1,788,974	11.98%	98.20%
12/31/2014	0.01380735%	(339,146)	1,840,839	18.42%	102.74%

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, 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	\$ 178,202	\$ (178,202)	\$ -	\$ 2,656,054	6.71%
6/30/2022	168,607	(168,607)	-	2,497,878	6.75%
6/30/2021	151,787	(151,787)	-	2,248,701	6.75%
6/30/2020	147,063	(147,063)	-	2,211,522	6.65%
6/30/2019	132,553	(132,553)	-	2,001,350	6.62%
6/30/2018	127,625	(127,625)	-	1,890,809	6.75%
6/30/2017	130,085	(130,085)	-	1,941,183	6.70%
6/30/2016	122,671	(122,671)	-	1,831,251	6.70%
6/30/2015	122,480	(122,480)	-	1,774,985	6.90%

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

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

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

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

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

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, WISCONSIN  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY  
 WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN  
 LAST TEN MEASUREMENT PERIODS  
 (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	0.03907200%	\$ 148,858	\$ 2,061,000	7.22 %	38.81 %
12/31/2021	0.03465600%	204,830	1,934,000	10.59 %	29.57 %
12/31/2020	0.04087900%	224,864	1,821,000	12.35 %	31.36 %
12/31/2019	0.04145500%	176,523	1,700,000	10.38 %	37.58 %
12/31/2018	0.04814200%	124,223	1,662,000	7.47 %	48.69 %
12/31/2017	0.04822800%	145,098	2,028,125	7.15 %	44.81 %

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, 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	\$ 905	\$ (905)	\$ -	\$ 2,061,000	0.04 %
6/30/2022	763	(763)	-	2,753,617	0.03 %
6/30/2021	687	(687)	-	1,777,827	0.04 %
6/30/2020	1,030	(1,030)	-	1,700,000	0.06 %
6/30/2019	927	(927)	-	1,662,000	0.06 %
6/30/2018	963	(963)	-	2,028,125	0.05 %

*Changes of Benefit Terms.* There were no recent changes in benefit terms.

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

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

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

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

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

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, WISCONSIN  
 SCHEDULE OF CHANGE IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
 LAST TEN FISCAL YEARS  
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	2019	2020	2021	2022	2023
Total OPEB Liability					
Service Cost	\$ 4,428	\$ 4,606	\$ 11,106	\$ 11,356	\$ 12,957
Interest on Total OPEB Liability	3,059	2,820	3,602	3,533	5,767
Differences Between Expected and Actual Experience	-	60,273	-	41,084	(5,508)
Changes of Assumptions or Other Input	1,206	23,550	-	(33,553)	(6,848)
Benefit Payments	(9,153)	(10,394)	(19,596)	(16,202)	(14,730)
Net Change in Total OPEB Liability	(460)	80,855	(4,888)	6,218	(8,362)
Total OPEB Liability - Beginning	83,923	83,463	164,318	159,430	165,648
Total OPEB Liability - Ending	<u>\$ 83,463</u>	<u>\$ 164,318</u>	<u>\$ 159,430</u>	<u>\$ 165,648</u>	<u>\$ 157,286</u>
Covered-Employee Payroll	\$ 1,182,357	\$ 2,150,411	\$ 2,150,411	\$ 2,426,040	\$ 2,426,040
District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.06%	7.64%	7.41%	6.83%	6.48%

*Changes of Benefit Terms.* There were no recent changes in benefit terms.

*Changes of Assumptions.*

The assumption change that was used to measure the June 30, 2023 total OPEB liabilities includes the following:

- The discount rate changed to 4.25% from 3.50% in the previous year.

The assumption changes that were used to measure the June 30, 2022 total OPEB liabilities includes the following:

- The discount rate changed to 3.50% from 2.25% in the previous year.

**SCHOOL DISTRICT OF SOLON SPRINGS  
SOLON SPRINGS, 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.

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 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.
- Appropriations lapse at year-end unless authorized as a carryover by the school board.



**SUPPLEMENTARY AND OTHER INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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

	Gift Fund	Food Service Fund	Community Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 224,105	\$ 33,458	\$ 55,279	\$ 312,842
Accounts Receivable	-	10,364	2,047	12,411
Due from Other Governments	-	2,252	3,602	5,854
Prepaid Expenditures	-	-	1,000	1,000
	<u>\$ 224,105</u>	<u>\$ 46,074</u>	<u>\$ 61,928</u>	<u>\$ 332,107</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 4,834	\$ 4,834
Accrued Salaries and Wages	-	9,203	1,339	10,542
Payroll Taxes and Withholdings	-	5,156	-	5,156
Total Liabilities	<u>-</u>	<u>14,359</u>	<u>6,173</u>	<u>20,532</u>
Fund Balances:				
Restricted	<u>224,105</u>	<u>31,715</u>	<u>55,755</u>	<u>311,575</u>
Total Liabilities and Fund Balances	<u>\$ 224,105</u>	<u>\$ 46,074</u>	<u>\$ 61,928</u>	<u>\$ 332,107</u>

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

	Gift Fund	Food Service Fund	Community Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ -	\$ -	\$ 114,000	\$ 114,000
Other Local Sources	216,005	63,309	206,455	485,769
State Sources	-	3,154	-	3,154
Federal Sources	-	138,727	59,610	198,337
Total Revenues	<u>216,005</u>	<u>205,190</u>	<u>380,065</u>	<u>801,260</u>
<b>EXPENDITURES</b>				
Physical Curriculum	315	-	-	315
Co-Curricular Activities	92,825	-	-	92,825
Pupil Services	3,170	-	-	3,170
Operation and Maintenance	-	-	3,047	3,047
Pupil Transportation Services	-	-	8,171	8,171
Food Service	-	217,783	-	217,783
Community Services	9,725	-	362,470	372,195
Debt Services	-	-	12,000	12,000
Total Expenditures	<u>106,035</u>	<u>217,783</u>	<u>385,688</u>	<u>709,506</u>
<b>NET CHANGE IN FUND BALANCES</b>	109,970	(12,593)	(5,623)	91,754
Fund Balances - Beginning of Year	<u>114,135</u>	<u>44,308</u>	<u>61,378</u>	<u>219,821</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 224,105</u></u>	<u><u>\$ 31,715</u></u>	<u><u>\$ 55,755</u></u>	<u><u>\$ 311,575</u></u>

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

	Original Budgets				Final Budgets				Actuals			
	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination	Combined Original	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination	Combined Final	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination	Combined Actual
<b>REVENUES</b>												
Local Sources:												
Property Taxes	\$ 2,190,785	\$ -	\$ -	\$ 2,190,785	\$ 2,190,785	\$ -	\$ -	\$ 2,190,785	\$ 2,151,721	\$ -	\$ -	\$ 2,151,721
Other Local Sources	381,576	-	-	381,576	381,576	-	-	381,576	412,582	-	-	412,582
Interdistrict Sources	377,726	-	-	377,726	377,726	-	-	377,726	402,765	-	-	402,765
Intermediate Sources	2,000	100	-	2,100	2,000	100	-	2,100	2,221	513	-	2,734
State Sources	2,254,944	135,922	-	2,390,866	2,254,944	135,922	-	2,390,866	2,336,375	177,216	-	2,513,591
Federal Sources	530,197	122,842	-	653,039	530,197	122,842	-	653,039	331,865	111,504	-	443,369
Other Revenues	15,500	-	-	15,500	15,500	-	-	15,500	31,522	-	-	31,522
Total Revenues	5,752,728	258,864	-	6,011,592	5,752,728	258,864	-	6,011,592	5,669,051	289,233	-	5,958,284
<b>EXPENDITURES</b>												
Instruction:												
Undifferentiated Curriculum	1,472,228	-	-	1,472,228	1,472,228	-	-	1,472,228	1,397,316	-	-	1,397,316
Regular Curriculum	709,888	-	-	709,888	709,888	-	-	709,888	710,028	-	-	710,028
Vocational Curriculum	89,567	-	-	89,567	89,567	-	-	89,567	91,888	-	-	91,888
Special Curriculum	-	598,320	-	598,320	-	598,320	-	598,320	-	538,708	-	538,708
Physical Curriculum	126,112	-	-	126,112	126,112	-	-	126,112	125,161	-	-	125,161
Co-Curricular Activities	94,190	-	-	94,190	94,190	-	-	94,190	85,380	-	-	85,380
Other Special Needs	37,700	-	-	37,700	37,700	-	-	37,700	26,084	-	-	26,084
Total Instruction	2,529,685	598,320	-	3,128,005	2,529,685	598,320	-	3,128,005	2,435,857	538,708	-	2,974,565
Support Services:												
Pupil Services	325,047	148,453	-	473,500	325,047	148,453	-	473,500	259,378	149,137	-	408,515
Instructional Staff Services	302,883	38,509	-	341,392	302,883	38,509	-	341,392	231,000	36,713	-	267,713
General Administration	222,457	-	-	222,457	222,457	-	-	222,457	211,979	-	-	211,979
School Building Administration	213,594	-	-	213,594	213,594	-	-	213,594	204,507	-	-	204,507
Business Services	111,074	11,262	-	122,336	111,074	11,262	-	122,336	110,388	15,381	-	125,769
Operation and Maintenance of Plant	388,953	-	-	388,953	388,953	-	-	388,953	388,248	2,999	-	391,247
Pupil Transportation Services	266,502	-	-	266,502	266,502	-	-	266,502	232,435	-	-	232,435
Central Services	37,503	-	-	37,503	37,503	-	-	37,503	35,104	-	-	35,104
Insurance and Judgments	55,053	-	-	55,053	55,053	-	-	55,053	59,122	-	-	59,122
Debt Services	8,753	-	-	8,753	8,753	-	-	8,753	9,047	-	-	9,047
Other Support Services	60,990	-	-	60,990	60,990	-	-	60,990	51,768	-	-	51,768
Total Support Services	1,992,809	198,224	-	2,191,033	1,992,809	198,224	-	2,191,033	1,792,976	204,230	-	1,997,206
Nonprogram:												
Instructional Services	555,344	-	-	555,344	555,344	-	-	555,344	551,488	-	-	551,488
Other Nonprogram	10,000	4,690	-	14,690	10,000	4,690	-	14,690	3,148	2,687	-	5,835
Total Nonprogram	565,344	4,690	-	570,034	565,344	4,690	-	570,034	554,636	2,687	-	557,323
Total Expenditures	5,087,838	801,234	-	5,889,072	5,087,838	801,234	-	5,889,072	4,783,469	745,625	-	5,529,094
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	664,890	(542,370)	-	122,520	664,890	(542,370)	-	122,520	885,582	(456,392)	-	429,190
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers Out	(588,000)	-	542,370	(45,630)	(588,000)	-	542,370	(45,630)	(488,067)	-	456,392	(31,675)
Transfers In	-	542,370	(542,370)	-	-	542,370	(542,370)	-	-	456,392	(456,392)	-
Total Other Financing Sources (Uses)	(588,000)	542,370	(542,370)	(45,630)	(588,000)	542,370	(542,370)	(45,630)	(488,067)	456,392	(456,392)	(31,675)
<b>NET CHANGE IN FUND BALANCE</b>	76,890	-	-	76,890	76,890	-	-	76,890	397,515	-	-	397,515
Fund Balance - Beginning of Year	2,383,022	-	-	2,383,022	2,383,022	-	-	2,383,022	2,383,022	-	-	2,383,022
<b>FUND BALANCE - END OF YEAR</b>	\$ 2,459,912	\$ -	\$ -	\$ 2,459,912	\$ 2,459,912	\$ -	\$ -	\$ 2,459,912	\$ 2,780,537	\$ -	\$ -	\$ 2,780,537

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 2,190,785	\$ 2,190,785	\$ 2,151,721	\$ (39,064)
Other Local Sources	381,576	381,576	412,582	31,006
Interdistrict Sources	377,726	377,726	402,765	25,039
Intermediate Sources	2,000	2,000	2,221	221
State Sources	2,254,944	2,254,944	2,336,375	81,431
Federal Sources	530,197	530,197	331,865	(198,332)
Other Sources	15,500	15,500	31,522	16,022
Total Revenues	<u>5,752,728</u>	<u>5,752,728</u>	<u>5,669,051</u>	<u>(83,677)</u>
<b>EXPENDITURES</b>				
Instruction:				
Undifferentiated Curriculum	1,472,228	1,472,228	1,397,316	74,912
Regular Curriculum	709,888	709,888	710,028	(140)
Vocational Curriculum	89,567	89,567	91,888	(2,321)
Physical Curriculum	126,112	126,112	125,161	951
Co-Curricular Activities	94,190	94,190	85,380	8,810
Other Special Needs	37,700	37,700	26,084	11,616
Total Instruction	<u>2,529,685</u>	<u>2,529,685</u>	<u>2,435,857</u>	<u>93,828</u>
Support Services:				
Pupil Services	325,047	325,047	259,378	65,669
Instructional Staff Services	302,883	302,883	231,000	71,883
General Administration	222,457	222,457	211,979	10,478
School Building Administration	213,594	213,594	204,507	9,087
Business Services	111,074	111,074	110,388	686
Operation and Maintenance of Plant	388,953	388,953	388,248	705
Pupil Transportation Services	266,502	266,502	232,435	34,067
Central Services	37,503	37,503	35,104	2,399
Insurance and Judgments	55,053	55,053	59,122	(4,069)
Debt Services	8,753	8,753	9,047	(294)
Other Support Services	60,990	60,990	51,768	9,222
Total Support Services	<u>1,992,809</u>	<u>1,992,809</u>	<u>1,792,976</u>	<u>199,833</u>
Nonprogram:				
Instructional Services	555,344	555,344	551,488	3,856
Other Nonprogram	10,000	10,000	3,148	6,852
Total Nonprogram	<u>565,344</u>	<u>565,344</u>	<u>554,636</u>	<u>10,708</u>
Total Expenditures	<u>5,087,838</u>	<u>5,087,838</u>	<u>4,783,469</u>	<u>304,369</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	664,890	664,890	885,582	220,692
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(588,000)	(588,000)	(488,067)	99,933
<b>NET CHANGE IN FUND BALANCE</b>	76,890	76,890	397,515	320,625
Fund Balance - Beginning of Year	<u>2,383,022</u>	<u>2,383,022</u>	<u>2,383,022</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,459,912</u>	<u>\$ 2,459,912</u>	<u>\$ 2,780,537</u>	<u>\$ 320,625</u>

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intermediate Sources	\$ 100	\$ 100	\$ 513	\$ 413
State Sources	135,922	135,922	177,216	41,294
Federal Sources	122,842	122,842	111,504	(11,338)
Total Revenues	<u>258,864</u>	<u>258,864</u>	<u>289,233</u>	<u>30,369</u>
<b>EXPENDITURES</b>				
Instruction:				
Special Education Curriculum	598,320	598,320	538,708	59,612
Support Services:				
Pupil Services	148,453	148,453	149,137	(684)
Instructional Staff Services	38,509	38,509	36,713	1,796
Business Services	11,262	11,262	15,381	(4,119)
Operation	-	-	2,999	(2,999)
Total Support Services	<u>198,224</u>	<u>198,224</u>	<u>204,230</u>	<u>(6,006)</u>
Nonprogram:				
Other Nonprogram	<u>4,690</u>	<u>4,690</u>	<u>2,687</u>	<u>2,003</u>
Total Expenditures	<u>801,234</u>	<u>801,234</u>	<u>745,625</u>	<u>55,609</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(542,370)</b>	<b>(542,370)</b>	<b>(456,392)</b>	<b>85,978</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>542,370</u>	<u>542,370</u>	<u>456,392</u>	<u>(85,978)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**SCHOOL DISTRICT OF SOLON SPRINGS  
SOLON SPRINGS, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2023**

**SECTION I: AUTHORIZER INFORMATION**

Authorizing Entity: Solon Springs School District  
Authorizer Address: 8993 E Baldwin Ave, Solon Springs, WI 54873  
Authorizer Contact Person: Lee Ann Garay  
Contact Person Title: Finance Manager  
Contact Person Phone: 715-378-2263 Ext 204  
Contact Person Email: [lgaray@solonk12.net](mailto:lgaray@solonk12.net)

**SECTION II: CHARTER SCHOOL INFORMATION**

**Charter Schools Currently Under Contract:**

<b>School Name</b>	<b>Contract Start Date</b>	<b>Contract Expiration Date</b>	<b>Grades Served</b>
Eagles' Wings Public Montessori	7/1/2018	6/30/2023	K4-6
Eagles' Wings Virtual Charter	7/1/2019	6/30/2024	K4-12
Eagles Academy	7/1/2021	6/30/2026	6-12

**Charter Schools Whose Contract was Nonrenewed or Revoked:**

None

**Charter Schools Currently Under Contract that have not Opened:**

None

**Charter Schools that Closed:**

None



**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, WISCONSIN  
 CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
 YEAR ENDED JUNE 30, 2023**

**SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS**

Implementation of a newer English Language Arts curriculum material such as Wonders and Literacy Footprints has supported academic progress. Use of updated report card communication tools has supported clearer communication of progress and growth between staff and families of students. Virtual Charter students transitioned to a new platform this year through Pearson and continue to communicate primarily with their content area teachers and weekly support is offered from the in-house district virtual liaison in the school district for virtual students. A review of STAR testing results and FORWARD for our HS students from September of Spring 2022 with math and reading scores for students attending the Solon Springs Public Montessori School are evaluated using the Solon Springs District benchmark of the 50<sup>th</sup> percentile.

STAR Testing Sept. 2022	Early Literacy	Reading	Math
Children's House (Kindergarten aged students)	76%	N/A	N/A
E1 (students grades 1-3)	N/A	68%	70%
E2 (students grades 4-6)	N/A	81%	76%
Virtual Charter (STAR and Forward Exam)	N/A	59%	69%
Eagles Academy (STAR and Forward Exam)	N/A	82%	61%

**SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS**

Expenses for the Eagles Wings Virtual and Eagles Wings Public Montessori are paid out of the general budget, other than the grant items purchased using the charter grant. the teachers and aide pay, benefits and classroom supply budgets are all calculated the same as for the traditional school.

**SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS – N/A**

**SCHOOL DISTRICT OF SOLON SPRINGS  
 SOLON SPRINGS, WISCONSIN  
 CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
 YEAR ENDED JUNE 30, 2023**

**SECTION VI: AUTHORIZER OPERATING COSTS**

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$ -
EMPLOYEE BENEFITS	200	-
PURCHASED SERVICES	300	-
NON-CAPITAL OBJECTS	400	-
CAPITAL OBJECTS	500	-
INSURANCE & JUDGEMENTS	700	-
OTHER	900	-
<b>TOTAL</b>		<b>\$ -</b>

**SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS**

SERVICES PROVIDED	FUNCTION CODE	COST
REGULAR CURRICULUM	120000	\$ 631,737
SPECIAL EDUCATION	150000	-
HEALTH SERVICES	214000	-
PSYCHOLOGICAL SERVICES	215000	-
CURRICULUM DEVELOPMENT	221200	-
INSTRUCTIONAL STAFF TRAINING	221300	130
OTHER INSTRUCTION STAFF SUPERVISION	223900	-
GENERAL ADMINISTRATION	230000	-
BUILDING ADMINISTRATION	240000	495
BUSINESS SERVICES	252000	-
GENERAL OPERATIONS	253000	-
PUPIL TRANSPORTATION	256000	-
TECHNOLOGY	266000	-
OTHER SERVICES	290000	57,815
<b>TOTAL</b>		<b>\$ 690,177</b>

## **OTHER SCHEDULES**

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

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Deferred Revenue) July 1, 2022	Expenditures	Grant Reimbursements	Accrued Receivable (Deferred Revenue) June 30, 2023
<u>U.S. Department of Agriculture</u>							
Child Nutrition Cluster:							
School Breakfast Program	10.553	WI DPI	2023-165397-DPI-SB-SEVERE-546	\$ 1,849	\$ 33,297	\$ 34,663	\$ 483
National School Lunch Program - Non-cash Commodities	10.555	WI DPI	Not Available	-	13,304	13,304	-
National School Lunch Program	10.555	WI DPI	2023-165397-DPI-NSL-547	4,315	92,126	94,673	1,768
National School Lunch Snack Program	10.555	WI DPI	2022-165397-DPI-SK_NSL-561	556	-	556	-
Total Child Nutrition Cluster				<u>6,720</u>	<u>138,727</u>	<u>143,196</u>	<u>2,251</u>
Total U.S. Department of Agriculture				<u>6,720</u>	<u>138,727</u>	<u>143,196</u>	<u>2,251</u>
<u>Federal Communications Commission</u>							
COVID-19 - Emergency Connectivity Fund Program	32.009	Direct	N/A	-	13,416	13,416	-
<u>U.S. Department of Education</u>							
Wisconsin Department of Public Instruction:							
ESEA Title I-A Basic Grant	84.010	WI DPI	2023-165397-DPI-TI-A-141	13,417	60,192	60,459	13,150
Special Education Cluster:							
Special Education Grants to States	84.027	WI DPI	2023-165397-DPI-FLOW-341	4,668	101,895	87,458	19,105
Special Education Preschool Grants	84.173	WI DPI	2023-165397-DPI-PRESCH-347	-	3,091	3,091	-
Total Special Education Cluster				<u>4,668</u>	<u>104,986</u>	<u>90,549</u>	<u>19,105</u>
Rural Education	84.358	Direct	N/A	11,459	23,286	32,114	2,631
Supporting Effective Instruction State Grants	84.367	WI DPI	2023-165397-DPI-TIIA-365	-	8,399	8,399	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2023-165397-DPI-TIVA-381	9,095	11,872	17,703	3,264
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	WI DPI	2022-165397-DPI-ESSERFII-163	9,300	92,033	32,156	69,177
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	WI DPI	2022-165397-DPI-ESSERFIII-165	70,125	54,207	118,797	5,535
COVID-19 - ARPA Homeless Children and Youth	84.425W	WI DPI	2022-165397-DPI-ARPHCYII-173	710	37	710	37
Total 84.425				<u>80,135</u>	<u>146,277</u>	<u>151,663</u>	<u>74,749</u>
Total Department of Education				<u>118,774</u>	<u>355,012</u>	<u>360,887</u>	<u>112,899</u>
<u>U.S. Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	93.778	WI DHS	44230700	420	31,924	30,849	1,495
Total Department of Health and Human Services				<u>420</u>	<u>31,924</u>	<u>30,849</u>	<u>1,495</u>
Total Expenditures of Federal Awards				<u>\$ 125,914</u>	<u>\$ 539,079</u>	<u>\$ 548,348</u>	<u>\$ 116,645</u>

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

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable (Deferred Revenue) July 1, 2022	Expenditures	State Reimbursement	Accrued Receivable (Deferred Revenue) June 30, 2023
<u>Wisconsin Department of Public Instruction</u>					
Entitlement Programs:					
Major State Programs:					
General Equalization	255.201	\$ -	\$ 1,843,281	\$ 1,843,281	\$ -
Total Major Programs		-	1,843,281	1,843,281	-
Nonmajor State Programs:					
Special Education and School Age Parents:					
Internal District Programs	255.101	(1)	173,394	173,394	-
Participant in Package Program at CESA No. 12		55	513	568	-
Total Special Education and School Age Parents		55	173,907	173,962	-
State School Lunch Aid	255.102	-	1,627	1,627	-
Common School Fund	255.103	-	18,785	18,785	-
Pupil Transportation	255.107	-	13,468	13,468	-
Sparsity Aid	255.212	-	133,314	133,314	-
School Breakfast Program	255.344	-	1,527	1,527	-
Early College Credit Program	255.445	-	143	143	-
Achievement Gap Reduction	255.504	-	69,767	69,767	-
Educator Effective Eval Sys	255.940	-	3,440	3,440	-
Per Pupil Aid	255.945	-	238,182	238,182	-
High Cost Transportation Aid	255.947	-	8,614	8,614	-
Assessments of Reading Readiness	255.956	-	856	856	-
Special Education Transition Grants	255.960	-	3,822	3,822	-
Total Nonmajor Programs		55	667,452	667,507	-
Total State Financial Assistance		\$ 55	\$ 2,510,733	\$ 2,510,788	\$ -

(1) District's 2022-2023 Aidable Costs Reported to DPI Totaled \$637,195.20

## **OTHER REPORTS**



**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 Solon Springs  
Solon Springs, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Solon Springs, 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 November 21, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**


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

### **The School District of Solon Springs' 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 response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Rice Lake, Wisconsin  
November 21, 2023





## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

Board of Education  
School District of Solon Springs  
Solon Springs, Wisconsin

### **Report on Compliance for Each Major State Program**

#### ***Opinion on Each Major State Program***

We have audited the School District of Solon Springs, Wisconsin's (District) compliance with the types of compliance requirements identified as subject to audit in the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The District's 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 state programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major 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 the *Wisconsin Public School District Audit Manual*. Our responsibilities under those standards and the *Wisconsin Public School District Audit Manual* 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 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 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*, and the *Wisconsin Public School District Audit Manual* 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 state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Wisconsin Public School District Audit Manual* 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 *Wisconsin Public School District Audit Manual*, 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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 *Wisconsin Public School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Rice Lake, Wisconsin  
November 21, 2023

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

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

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

**State Awards**

1. Internal control over major state 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 state 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 Programs**

**State ID Number(s)**

255.201

**Name of State Program**

General Equalization 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 SOLON SPRINGS  
SOLON SPRINGS, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section I – Summary of Auditors’ Results (Continued)***

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***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 *State Single Audit Guidelines*:  
  
Department of Public Instruction No
  
3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of Principal

  
Brock Geyen, CPA

5. Date of Report

November 21, 2023

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

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***Section II – Financial Statement Findings***

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**2023–001 Limited Segregation of Duties**

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

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

**Criteria or Specific Requirement:** 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.

**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.

**Cause:** The condition is due to limited staff available.

**Repeat Finding:** See 2022-001.

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

**Views of Responsible Officials and Planned Corrective Actions:** The District continues to work to achieve segregation of duties whenever cost effective. The District Administrator is the official responsible for ensuring corrective action of the deficiency. The following are areas in which segregation of duties has been improved:

1. All invoices paid are approved by the board each month.
2. Secretaries collect money taken in for food service and posts it to individual accounts before total if given to principal.
3. Secretaries match all purchased goods to purchase orders when products are delivered.
4. Principal signs off on all activity checks that are written by student treasurers or activity supervisors.
5. Workers at any event that sells tickets are required to count the proceeds and sign off on a form totaling the money that was made.

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

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*Section III – Findings and Questioned Costs – Major State Programs*

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None

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*Section IV – Findings and Questioned Costs – State General and Program Requirements*

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None



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