

Chippewa Falls Area Unified School District

Financial Statements and
Supplementary Financial Information

Year Ended June 30, 2022



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Chippewa Falls Area Unified School District
Financial Statements and Supplementary Financial Information
Year Ended June 30, 2022

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Independent Auditor's Report

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, 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 Chippewa Falls Area Unified School District (the "District"), as of and for the year ended June 30, 2022, 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 accompanying 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 Chippewa Falls Area Unified School District as of June 30, 2022, and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Basis of Accounting

We draw attention to Note 1 of the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 (GAAP), 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 Chippewa Falls Area Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 Chippewa Falls Area Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chippewa Falls Area Unified School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule - General Fund, schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in the employer's net pension liability and related ratios - District pension plan, schedule of employer contributions - District pension plan, schedule of investment returns - District pension plan, schedules of the employer's proportionate share of the net OPEB liability (asset) and employer contributions - local retiree life insurance fund, schedule of changes in the employer's net OPEB liability and related ratios - District OPEB plan, schedule of employer contributions - District OPEB plan, and schedule of investment returns - District OPEB plan on pages 61 through 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Chippewa Falls Area Unified School District 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 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 as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022 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 Chippewa Falls Area Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

/s/Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin

December 5, 2022

Government-Wide Financial Statements

Chippewa Falls Area Unified School District

Statement of Net Position

June 30, 2022

<i>Assets and Deferred Outflows of Resources</i>	Governmental Activities
Current assets:	
Cash and investments	\$ 19,595,624
Receivables:	
Taxes	7,695,557
Accounts	8,579
Due from other governments	1,357,527
Inventory	38,572
Total current assets	28,695,859
Noncurrent assets:	
Restricted net pension asset - WRS	15,109,861
Lease Asset	
Right of use asset	470,489
Less - Accumulated amortization	(127,306)
Total lease asset, net of accumulated depreciation	343,183
Capital assets:	
Land	1,008,545
Construction in progress	43,844,349
Land improvements	4,851,250
Buildings and building improvements	65,483,650
Furniture and equipment	8,296,367
Less - Accumulated depreciation	(35,938,215)
Total capital assets, net of accumulated depreciation	87,545,946
Total noncurrent assets	102,998,990
Total assets	131,694,849
Deferred outflows of resources:	
Related to pensions - District pension plan	816,247
Related to OPEB - District OPEB plan	3,241,474
Related to pensions - WRS	28,255,066
Related to OPEB - LRLIF	850,986
Total deferred outflows of resources	33,163,773
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 164,858,622

Chippewa Falls Area Unified School District

Statement of Net Position (Continued)

June 30, 2022

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	Governmental Activities
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,013,662
Short-term notes payable	8,000,000
Accrued liabilities:	
Payroll, payroll taxes, insurance	3,643,965
Claims incurred but not reported	1,372,528
Interest	830,470
Unearned revenue	69,470
Current portion of long-term obligations	2,645,819
Total current liabilities	17,575,914
Noncurrent liabilities:	
Bonds payable	56,539,013
Lease Liability	354,533
Net OPEB liability - District OPEB plan	9,553,730
Net OPEB liability - LRLIF	2,486,079
Net pension liability - District pension plan	1,690,985
Compensated absences	1,469,186
Total noncurrent liabilities	72,093,526
Total liabilities	89,669,440
Deferred inflows of resources:	
Related to pensions - District pension plan	181,775
Related to OPEB - District OPEB plan	5,531,848
Related to pensions - WRS	35,572,075
Related to OPEB - LRLIF	281,656
Total deferred inflows of resources	41,567,354
Net position:	
Net investment in capital assets	29,542,058
Restricted for:	
Pension benefits	15,109,861
Debt service	807,009
Food service	3,168,655
Donations	795,341
Community service	416,040
Unspent common school fund revenues	61,060
Unrestricted	(16,278,196)
Total net position	33,621,828
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 164,858,622

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Statement of Activities

Year Ended June 30, 2022

<i>Functions/Programs</i>	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 25,535,273	\$ 1,491,862	\$ 1,387,888	\$ (22,655,523)
Vocational instruction	1,906,208	-	78,582	(1,827,626)
Special education instruction	8,228,597	1,828	3,146,236	(5,080,533)
Other instruction	2,631,172	288,779	435,073	(1,907,320)
Total instruction	38,301,250	1,782,469	5,047,779	(31,471,002)
Support services:				
Pupil services	3,361,425	-	2,146,586	(1,214,839)
Instructional staff services	3,743,717	4,924	448,701	(3,290,092)
General administration services	2,076,558	-	-	(2,076,558)
Building administration services	3,176,455	-	16,730	(3,159,725)
Business services	693,023	-	-	(693,023)
Operations and maintenance	6,411,303	-	7,987	(6,403,316)
Pupil transportation services	3,980,649	-	761,168	(3,219,481)
Food service	2,879,145	262,688	4,019,675	1,403,218
Central services	155,771	4,262	-	(151,509)
Insurance	367,701	-	-	(367,701)
Community services	96,576	56,906	-	(39,670)
Interest on debt	2,391,766	-	36,360	(2,355,406)
Other support services	1,675,967	-	16,008	(1,659,959)
Unallocated depreciation, excluding direct	1,266,915	-	-	(1,266,915)
Total support services	32,276,971	328,780	7,453,215	(24,494,976)
Total governmental activities (carried forward)	\$ 70,578,221	\$ 2,111,249	\$ 12,500,994	\$ (55,965,978)

Chippewa Falls Area Unified School District

Statement of Activities (Continued)

Year Ended June 30, 2022

<i>Functions/Programs</i>	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in
				Net Position
				Total
				Governmental Activities
Total governmental activities (brought forward)				\$ (55,965,978)
General revenues:				
Property taxes:				
General purposes				22,241,001
Debt service				4,268,605
Community services				361,780
State and federal aids not restricted to specific functions:				
General				35,418,669
Other				423,178
Interest and investment earnings				79,832
Lease Proceeds				470,489
Miscellaneous				683,860
Loss on disposal of assets				(3,905)
Total general revenues				63,943,509
Change in net position				7,977,531
Net position - Beginning of year				25,644,297
Net position - End of year				\$ 33,621,828

See accompanying notes to financial statements.

Fund Financial Statements

Chippewa Falls Area Unified School District

Governmental Funds - Balance Sheet

June 30, 2022

Assets	General Fund	Food Service Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 12,900,863	\$ 3,159,825	\$ 1,520,917	\$ 721,638	\$ 1,292,381	\$ 19,595,624
Receivables:						
Taxes	7,695,557	-	-	-	-	7,695,557
Due from other funds	82,726	-	-	-	-	82,726
Due from other governments	1,276,837	80,690	-	-	-	1,357,527
Inventory	-	38,572	-	-	-	38,572
Total assets	\$ 21,955,983	\$ 3,279,087	\$ 1,520,917	\$ 721,638	\$ 1,292,381	\$ 28,770,006
<i>Liabilities and Fund Balances</i>						
Liabilities:						
Short-term notes payable	\$ 8,000,000	\$ -	\$ -	\$ -	\$ -	\$ 8,000,000
Accounts payable	936,404	39,985	-	30,423	6,853	1,013,665
Accrued liabilities:						
Payroll, payroll taxes, insurance	3,642,987	977	-	-	-	3,643,964
Claims incurred but not reported	1,372,528	-	-	-	-	1,372,528
Interest	116,562	-	-	-	-	116,562
Unearned revenue	-	69,470	-	-	-	69,470
Due to other funds	-	-	-	-	74,147	74,147
Total liabilities	14,068,481	110,432	-	30,423	81,000	14,290,336
Fund balances:						
Nonspendable:						
Inventory	-	38,572	-	-	-	38,572
Restricted:						
Debt service	-	-	1,520,917	-	-	1,520,917
Capital projects	-	-	-	691,215	-	691,215
Food service	-	3,130,083	-	-	-	3,130,083
Donations	-	-	-	-	795,341	795,341
Community service	-	-	-	-	416,040	416,040
Unspent common						
school fund revenues	61,060	-	-	-	-	61,060
Unassigned	7,826,442	-	-	-	-	7,826,442
Total fund balances	7,887,502	3,168,655	1,520,917	691,215	1,211,381	14,479,670
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,955,983	\$ 3,279,087	\$ 1,520,917	\$ 721,638	\$ 1,292,381	\$ 28,770,006

Chippewa Falls Area Unified School District

Governmental Funds - Balance Sheet (Continued)

June 30, 2022

Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental fund balances because:

Total fund balances - Governmental funds (previous page)	\$ 14,479,670
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Capital and leased assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital and leased assets	\$ 123,954,650	
Governmental accumulated depreciation and accumulated amortization	(36,065,521)	87,889,129

The net pension liability (asset), net OPEB liability, and the deferred outflows of resources and deferred inflows of resources related to pensions and OPEB plans are only reported in the statement of net position:

Net pension liability - District pension plan	(1,690,985)	
Net pension asset - WRS	15,109,861	
Net OPEB liability - District OPEB plan	(9,553,730)	
Net OPEB liability - LRLIF	(2,486,079)	
Deferred inflows of resources related to pensions - District pension plans	(181,775)	
Deferred inflows of resources related to pensions - WRS	(35,572,075)	
Deferred inflows of resources related to OPEB - District OPEB plan	(5,531,848)	
Deferred inflows of resources related to OPEB - LRLIF	(281,656)	
Deferred outflows of resources related to pensions - District pension plan	816,247	
Deferred outflows of resources related to pensions - WRS	28,255,066	
Deferred outflows of resources related to OPEB - District OPEB plan	3,241,474	
Deferred outflows of resources related to OPEB - LRLIF	850,986	(7,024,514)

Governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

(2,374,013)

Long-term liabilities, including bonds and notes payable, are not due in the current year and therefore are not reported in the fund statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances reported in the statement of net position that are not reported in the funds balance sheet are:

Bonds payable	(56,315,000)	
Accrued interest on long-term debt	(713,906)	
Financing purchases payable	(6,090)	
Leases payable	(354,533)	
Compensated absences	(1,958,915)	(59,348,444)

Net position - Governmental activities	\$ 33,621,828
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See accompanying notes to financial statements.

Chippewa Falls Area Unified School District
Governmental Funds - Statement of Revenues, Expenditures,
and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	Food Service Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$22,241,001	\$ -	\$4,268,600	\$ -	\$ 361,780	\$ 26,871,381
Local	359,123	262,788	5	1,473	953,475	1,576,864
Interdistrict	1,415,166	-	-	-	-	1,415,166
Intermediate	52,140	-	-	-	-	52,140
State	39,319,861	-	-	-	-	39,319,861
Federal	4,579,798	4,019,575	-	-	-	8,599,373
Other	394,936	-	-	-	-	394,936
Total revenues	68,362,025	4,282,363	4,268,605	1,473	1,315,255	78,229,721
Expenditures:						
Instruction:						
Regular instruction	28,071,337	-	-	1,001	38	28,072,376
Vocational instruction	2,013,295	-	-	7,005	-	2,020,300
Special instruction	8,787,239	-	-	-	900	8,788,139
Other instruction	2,245,148	-	-	-	510,494	2,755,642
Total instruction	41,117,019	-	-	8,006	511,432	41,636,457
Support services:						
Pupil services	3,526,314	-	-	-	75,102	3,601,416
Instructional staff services	3,924,152	-	-	-	4,794	3,928,946
General administration services	2,002,466	-	-	-	5,082	2,007,548
Building administration services	3,270,704	-	-	-	141,854	3,412,558
Business services	732,052	-	-	-	-	732,052
Operations and maintenance	6,488,646	266,052	-	839,156	88,606	7,682,460
Pupil transportation	4,039,211	-	-	-	-	4,039,211
Food services	-	2,941,744	-	-	-	2,941,744
Central services	144,614	-	-	-	-	144,614
Insurance	367,701	-	-	-	-	367,701
Debt services:						
Principal	162,137	-	2,075,000	-	-	2,237,137
Interest	331,630	-	2,245,475	-	-	2,577,105
Other support services	1,526,981	-	-	-	183,330	1,710,311
Community service	-	-	-	-	99,410	99,410
Total support services	26,516,608	3,207,796	4,320,475	839,156	598,178	35,482,213
Total expenditures	67,633,627	3,207,796	4,320,475	847,162	1,109,610	77,118,670

Chippewa Falls Area Unified School District
Governmental Funds - Statement of Revenues, Expenditures,
and Changes in Fund Balances (Continued)

Year Ended June 30, 2022

	General Fund	Food Service Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Excess of revenues over (under) expenditures	\$ 728,398	\$1,074,567	\$ (51,870)	(845,689)	\$ 205,645	\$ 1,111,051
Other financing sources:						
Leases issued	470,489	-	-	-	-	470,489
Net other financing sources (uses)	470,489	-	-	-	-	470,489
Net change in fund balances	1,198,887	1,074,567	(51,870)	(845,689)	205,645	1,581,540
Fund balances - Beginning of year	6,688,615	2,094,088	1,572,787	,536,904	1,005,736	12,898,130
Fund balances - End of year	\$ 7,887,502	\$3,168,655	\$1,520,917	\$ 691,215	\$ 1,211,381	\$ 14,479,670

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Governmental Funds - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2022

Total net change in fund balances - Governmental funds \$ 1,581,540

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

The acquisition of capital assets and outlay for the right to use leased assets are reported in the governmental funds as an expenditure. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation and amortization expense in the statement of activities.

Capital and lease outlays reported in governmental fund statements	\$ 2,443,073
Depreciation and amortization expense reported in statement of activities	(1,933,382)

Amount by which depreciation and amortization is less than capital outlay in the current period	509,691
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Some employee benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in net pension liability - District pension plan	(521,338)
Change in net pension asset - WRS	3,150,517
Change in net OPEB liability - District OPEB plan	(188,466)
Changes in net OPEB liability - LRLIF	(2,362,656)
Change in deferred outflows of resources related to pensions - District pension plan	365,953
Change in deferred outflows of resources related to pensions - WRS	9,820,557
Change in deferred outflows of resources related to OPEB - District OPEB plan	1,949,872
Change in deferred outflows of resources related to OPEB - LRLIF	(147,646)
Change in deferred inflows of resources related to pensions - District pension plan	102,707
Change in deferred inflows of resources related to pensions - WRS	(9,370,173)
Change in deferred inflows of resources related OPEB - District OPEB plan	984,490
Change in deferred inflows of resources related to OPEB - LRLIF	30,353

Amounts paid are more than amounts earned	3,814,170
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Unpaid compensated absences are a liability of the governmental funds only if the employee has resigned or retired.

Amount by which the liability for compensated absences changed in the current year	(346,439)
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Repayment of principal on long-term debt and lease liabilities are reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt and lease liability principal payments in the current year	2,237,137
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Chippewa Falls Area Unified School District
Governmental Funds - Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities (Continued)
Year Ended June 30, 2022

Total net change in fund balances - Governmental funds (Continued)

The District disposed of site improvements, buildings and building improvements, and furniture and equipment resulting in a reduction of capital assets reported on the statement of net position. There is no effect on the governmental funds balance sheet.

The value of capital assets disposed of during the year	\$	(3,905)
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In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period	\$	2,245,475
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The amount of interest accrued during the current period		(2,210,892)
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Interest paid is more than interest accrued by		34,583
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Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Change in premium		150,754
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Change in net position - Governmental activities	\$	7,977,531
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See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Fiduciary Funds - Statement of Net Position

June 30, 2022

	Employee Benefit Trust
Assets:	
Cash and investments	\$ 8,897,329
TOTAL ASSETS	\$ 8,897,329
Liabilities:	
Due to other funds	\$ 8,579
TOTAL LIABILITIES	8,579
Net position:	
Restricted for pension	1,387,928
Restricted for OPEB	7,500,822
TOTAL NET POSITION	8,888,750
TOTAL NET POSITION AND LIABILITIES	\$ 8,897,329

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Fiduciary Funds - Statement of Changes in Net Position

Year Ended June 30, 2022

	Employee Benefit Trust
<hr/>	
Additions:	
Employer contributions	\$ 1,192,693
Retiree contributions	4,636
Interest	6,295
<hr/>	
Total additions	1,203,624
<hr/>	
Deductions:	
Pension benefits	431,130
OPEB benefits	1,538,923
<hr/>	
Total deductions	1,970,053
<hr/>	
Net increase in net position	(766,429)
Net position - Beginning of year	9,655,179
<hr/>	
Net position - End of year	\$ 8,888,750
<hr/>	

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

The financial statements of the Chippewa Falls Area Unified School District (the "District") have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

Reporting Entity

The Chippewa Falls Area Unified School District is organized as a common school district. The District, governed by a seven-member elected school board, operates grades kindergarten through 12 and is comprised of all or part of 12 taxing districts.

This report includes all of the funds of the District. The reporting entity for the District consists 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 their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

GASB 87 Lease Accounting

The District is a lessee in two noncancelable leases and one financing purchase. If the contract provides the District the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the District's incremental borrowing rate. The District's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level.

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Fund Financial Statements

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

- General Fund - This is the District's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund, including educational programs for students with disabilities.
- Food Service Fund - This fund is used to account for financial resources that are restricted to expenditure in the District's breakfast and lunch program.
- Debt Service Fund - This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental activities, including amounts accumulated for principal and interest maturing in future years.
- Capital Projects Fund - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following nonmajor governmental funds:

- Community Service Fund - This fund is used to account for programs to the community as a whole.
- Donations Fund - This fund is used to account for gifts and donations that have been restricted by private parties for specific purposes.

The District accounts for resources legally held in trust for the District's pension and other postemployment benefits in an employee benefit trust fund.

Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues 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.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Deposits and Investments

The District's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less and shares in the local government investment pool.

The Debt Service and Capital Projects Funds account for their transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the Trust and Agency Funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

State Statutes permit the District to invest available cash balances, other than debt service funds, in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. agency issues, municipal obligations within Wisconsin, high-grade commercial paper, and the local government pooled investment fund administered by the State of Wisconsin Investment Board. Available balances in the Debt Service Fund may be invested in obligations of the United States and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 laws applicable to trust investments.

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

All investments are stated at fair market value except for the Wisconsin Investment Series Cooperative (WISC) which are reported at amortized cost.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Receivables and Payables

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and from 5 to 15 years for furniture and equipment.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the District's pension plan, the District OPEB plan, the Wisconsin Retirement System (WRS), and the Local Retiree Life Insurance Fund (LRLIF). The deferred outflows of resources related to the District pension plan represent the differences between expected and actual experience and changes in assumptions. The deferred outflows related to the District OPEB plan represent the net difference between projected and actual earnings on OPEB plan investments and changes in assumptions. The deferred outflows of resources related to the WRS and LRLIF represent the District's proportionate shares of collective deferred outflows of resources of the plans and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to the District's pension plan, the District OPEB plan, the WRS, and the LRLIF. The deferred inflows of resources related to the District pension plan represent the differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments. The deferred inflows related to the District OPEB plan represent the differences between expected and actual experience and changes in assumptions. The deferred inflows of resources related to the WRS and LRLIF represent the District's proportionate shares of collective deferred inflows of resources of the plans.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Compensated Absences - The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested amount of 150 days for administrators/supervisors/confidential employees and 90 days for teachers and hourly District employees. Upon retirement or termination of employment, the employee is entitled to receive cash payment for vested vacation pay and varying percentages of vested sick pay based upon years employed by the District. Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave and unpaid vacation is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

District Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the LRLIF and the District OPEB plan and additions to/deductions from the LRLIF's fiduciary net position and the District OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the LRLIF and the District OPEB plan. 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, except investment in the WISC, which are reported at amortized cost.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts (Continued)

District Pension Plans - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the WRS and the District defined benefit pension plan and additions to/deductions from the WRS' fiduciary net position and the District defined benefit pension plan's fiduciary net position have been determined on the same basis as they are reported by the WRS and the District defined benefit pension plan. 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, except investment in the WISC, which are reported at amortized cost.

Restricted Assets

Restricted assets are cash, cash equivalents, investments, and the net pension asset whose use is limited by legal requirements such as a bond indenture or asset in irrevocable trust.

Net Position

For government-wide reporting, net position is reported in three categories.

Net investment in capital assets: This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, acquire, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the construction, acquisition, or improvement of those assets or the related debt are also included in this category. Unspent portions of capital-related debt proceeds are not included in this category.

Restricted: This category consists of noncapital assets whose use is restricted, reduced by liabilities and deferred inflows of resources related to 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, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This category consists of the remaining net position that does not meet the definition of the two preceding categories.

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Board of Education has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property Tax Levy

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. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county purposes.

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2021 tax levy is used to finance operations of the District's fiscal year ended June 30, 2022. All property taxes are considered due on January 1 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 30 and are available to pay current liabilities.

Subsequent Events

Subsequent events have been evaluated through December 5, 2022, which is the date the financial statements were available to be issued.

Note 2: New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. The statement enhances the relevance and consistency of reporting for the District's leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of underlying right-to-use assets. A lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The District adopted this guidance retroactively for the year ended June 30, 2022. The adoption of this guidance did not affect beginning net position for the year ended June 30, 2021 and, accordingly, restatement of beginning net position was not necessary.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 3: Stewardship and Accountability

Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

Note 4: Cash and Investments

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022, none of the District's bank balance of \$9,443,248 was exposed to custodial credit risk as all amounts were covered by the Federal Deposit Insurance Corporation, the State of Wisconsin Depository Guarantee Fund and pledged securities.

Investments

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk: State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Investment Series Cooperative (WISC) or certificates of deposit. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: For an investment, concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have an investment policy for concentration of credit risk.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 4: Cash and Investments (Continued)

The District's cash and investment balances at June 30, 2022, were as follows:

	Maturities	Fair Value
WISC Cash Management Series	<1 year	\$ 56
WISC Investment Series	<1 year	14,424,608
WISC Limited Term Duration	<1 year	2,905,408
WISC Extended Term Duration	<1 year	2,789,400
<hr/>		
Total investments		20,119,472
Net cash deposits with financial institutions carrying amount		8,373,481
Less - Cash and investments held by fiduciary funds		(8,897,329)
<hr/>		
Cash and investments reported on statement of net position		<u>\$ 19,595,624</u>

The District is a participant in the WISC funds, which is authorized in Wisconsin Statute 66.0301 and are governed by a commission in accordance with the terms of an intergovernmental cooperation agreement. The WISC is not registered with the Securities Exchange Commission (SEC) as an investment company. The WISC reports to participants on the amortized cost basis. WISC shares are bought and redeemed at \$1 based on the amortized cost of the investments in the pool. Participants in WISC have the right to withdraw their funds in total on one day's notice. The investments in WISC are not subject to the fair value hierarchy disclosures.

Fair Value Measurements (Assets and Liabilities Measured at Fair Value)

This District has the following recurring fair value measurements as of June 30, 2022:

- Investment certificates of deposit are valued using a matrix pricing model (Level 2 inputs).

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 5: Short-Term Notes Payable

The District issues revenue anticipation notes in advance of tax collections and receipt of federal and state aids. These notes are necessary to allow the school to pay its operating expenditures.

Short-term notes payable activity for the year ended June 30, 2022, was as follows:

<i>Description</i>	Balance 07/01/21	Issued	Redeemed	Balance 06/30/22
Tax and revenue anticipation promissory notes:				
U.S. Bank National Association 3.00% note	\$ 6,400,000	\$ -	\$ (6,400,000)	\$ -
U.S. Bank National Association 3.00% note	-	8,000,000	-	8,000,000
Totals	\$ 6,400,000	\$ 8,000,000	\$ (6,400,000)	\$ 8,000,000

Interest on short-term notes for the year totaled \$301,682.

Note 6: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2022, were as follows:

<i>Due From:</i>	<u>Due To:</u> General Fund
Special Revenue Fund	\$ 74,147
Employee Benefit Trust Funds	8,579
Totals	\$ 82,726

The purpose of the interfund receivables between the General Fund and the Employee Benefit Fund is to reimburse the General Fund. The interfund receivables between the General Fund and the Special Revenue Fund are to move activity from the Student Activity accounts that do not relate to student activity.

In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 7: Capital Assets

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,008,545	\$ -	\$ -	\$ 1,008,545
Construction in progress	43,021,046	823,303	-	43,844,349
Total capital assets not being depreciated	44,029,591	823,303	-	44,852,894
Capital assets being depreciated:				
Land improvements	4,747,550	103,700	-	4,851,250
Buildings and building improvements	65,318,883	164,767	-	65,483,650
Furniture and equipment	7,006,601	1,351,303	(61,537)	8,296,367
Total capital assets being depreciated	77,073,034	1,619,770	(61,537)	78,631,267
Less accumulated depreciation for:				
Land improvements	(2,935,418)	(157,232)	-	(3,092,650)
Buildings and building improvements	(25,960,141)	(1,282,275)	-	(27,242,416)
Furniture and equipment	(5,294,212)	(366,569)	57,632	(5,603,149)
Total accumulated depreciation	(34,189,771)	(1,806,076)	57,632	(35,938,215)
Total capital assets, being depreciated - Net of accumulated depreciation	42,883,263	(186,306)	(3,905)	42,693,052
Governmental activities capital assets - Net	\$ 86,912,854	\$ 636,997	\$ (3,905)	\$ 87,545,946

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 7: Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Regular instruction	\$ 154,413
Vocational instruction	16,623
General administration services	28,683
Operations and maintenance of plant	339,229
Facilities acquisition and remodeling	62,818
School food service program	40,437
Pupil transportation services	13,107
Central services	11,157
Depreciation not charged to a specific function	1,139,609

Total depreciation for governmental activities	\$ 1,806,076
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Note 8: Long-Term Obligations

Long-term obligations of the District are as follows:

	Balance 07/01/21	Additions	Reductions	Balance 06/30/22	Amounts Due Within One Year
G.O. Refunding Bonds	\$ 58,390,000	-	\$ 2,075,000	\$ 56,315,000	\$ 2,150,000
Plus unamortized premium	2,524,767	-	150,754	2,374,013	-
Subtotals	60,914,767	-	2,225,754	58,689,013	2,150,000
Finance purchases	52,271	-	46,181	6,090	6,090
Lease liability	470,489	-	115,956	354,533	-
Compensated absences	1,612,476	610,844	264,405	1,958,915	489,729
Totals	\$ 63,050,003	\$ 610,844	\$ 2,652,296	\$ 61,008,551	\$ 2,645,819

Payments on the bonds and notes are made by the debt service fund. The compensated absences will be liquidated by several of the governmental funds. Payments on the operating and finance leases will be made by the General Fund.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 8: Long-Term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2022, is comprised of the following individual issues:

	Governmental Activities			Balance 06/30/21
	Issue Dates	Interest Rates %	Dates of Maturity	
G.O. Refunding Bond	8/14/2018	2.5%-5%	9/1/2038	\$ 48,230,000
G.O. Refunding Bond	5/13/2020	3%-5%	3/1/2040	8,085,000
Total general obligation debt*				\$ 56,315,000

The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue was \$4,010,572,892. The legal debt limit and margin of indebtedness as of June 30, 2022, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

Legal debt limit (10% of \$4,010,572,892)	\$ 401,057,289
Deduct:	
Long-term debt* applicable to debt margin	56,315,000
Add:	
Debt service fund assets available	1,520,917
Margin of indebtedness	\$ 346,263,206

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2022, are as follows:

Governmental Activities			
Year Ended June 30:	Principal	Interest	Totals
2023	\$ 2,150,000	\$ 2,141,725	\$ 4,291,725
2024	2,245,000	2,087,975	4,332,975
2025	2,360,000	1,975,725	4,335,725
2026	2,480,000	1,857,725	4,337,725
2027	2,610,000	1,733,725	4,343,725
2028-2032	14,685,000	6,963,075	21,648,075
2033-2037	17,735,000	3,995,075	21,730,075
2038-2040	12,050,000	743,425	12,793,425
Totals	\$ 56,315,000	\$ 21,498,450	\$ 77,813,450

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 9: Short Term Leases

The District leases certain classroom space from the State of Wisconsin Department of Health Services under a short-term lease. The lease expires June 30, 2022. Since this lease was a short-term lease, it was not included in the GASB 87 lease implementation. The total amount included in expense for rental of the space for 2021-2022 was \$175,011.

Note 10: Finance Purchases

The District leases computer equipment. The computer equipment leases are classified as finance purchases. Furniture and equipment include the following amounts for the equipment leases that have been capitalized:

	2022
Furniture and equipment	\$ 301,200
Less - Accumulated amortization	(297,884)
Total	\$ 3,316

Lease amortization is included in depreciation expense.

Future minimum payments, by year and in the aggregate, under the finance purchases consisted of the following:

	Finance Purchase
2023	\$ 6,394
Total minimum lease payments	6,394
Amount representing interest	(304)
Present value of net minimum lease payments	6,090
Less - Current maturities	6,090
Long-term obligations under finance purchases	\$ -

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11: Leases

District as Lessee

The District, as a lessee, has entered into lease agreements with Legacy Community Center, Inc. for a building lease and a lease with EO Johnson Co., Inc. for copiers. The building lease had an original lease term of 29 months with two 3 year extensions. The copier lease had a lease term of 4 years. The building lease will expire on 10/31/27 and the copier lease will expire on 6/30/2024.

Right of use asset balances and activity were as follows for the year ended June 30, 2022:

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22
Right of use assets:				
Building lease	\$ 168,284	\$ -	\$ -	\$ 168,284
Copiers lease	302,205	-	-	302,205
Total right of use assets, being amortized	470,489	-	-	470,489
Accumulated amortization:				
Building lease	-	(26,571)	-	(26,571)
Copiers lease	-	(100,735)	-	(100,735)
Totals	\$ 470,489	\$ (127,306)	\$ -	\$ 343,183

Future minimum lease payments as of June 30, 2022, are:

	Leases		
	Principal	Interest	Totals
2023	\$ 124,596	\$ 21,445	\$ 146,041
2024	132,414	13,626	146,040
2025	27,163	5,317	32,480
2026	28,908	3,573	32,481
2027	30,764	1,717	32,481
2028	10,688	139	10,827
Totals	\$ 354,533	\$ 45,817	\$ 400,350

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System

Plan Description

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

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

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to receive 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.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	(7.0)%	(7.0)%
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	- %	(10.0)%
2020	1.7 %	21.0 %
2021	5.1 %	13.0 %

Contributions

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

During the reporting period, the WRS recognized \$2,085,427 in contributions from the employer.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Contributions (Continued)

Contribution rates as of June 30, 2022, are as follows:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

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

At June 30, 2022, the District reported an asset of \$15,109,861 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2021, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. 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 Asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.18746299%, which was a decrease of 0.00409682% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(1,515,474).

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,409,218	\$ 1,760,168
Net differences between projected and actual earnings on pension plan investments	-	33,802,018
Change in assumptions	2,818,983	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,756	9,889
Employer contributions subsequent to the measurement date	1,018,109	-
Total	\$ 28,255,066	\$ 35,572,075

\$1,018,109 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Net Deferred Outflows (Inflows) of Resources
2023	\$ (703,009)
2024	(4,098,518)
2025	(1,803,552)
2026	(1,730,039)

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2020
Measurement date of net pension liability (asset)	December 31, 2021
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:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement adjustments*	1.7%

**No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement 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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021, is based upon a roll-forward of the liability calculated from the December 31, 2020, actuarial valuation.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Long-Term Expected Return on Plan Assets: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns As of December 31, 2021

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Global equities	52.0%	6.8%	4.2%
Fixed income	25.0%	4.3%	1.8%
Inflation sensitive assets	19.0%	2.7%	0.2%
Real estate	7.0%	5.6%	3.0%
Private equity/debt	12.0%	9.7%	7.0%
Total core fund	115.0%	6.6%	4.0%
Variable fund:			
U.S. equities	70.0%	6.3%	3.7%
International equities	30.0%	7.2%	4.6%
Total variable fund	100.0%	6.8%	4.2%

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

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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%.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 6.80% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.00%. 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 1.84% (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, 2021. 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 1.70% 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 to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District's proportionate share of the Net Pension Liability (Asset)	\$ 10,721,518	\$ (15,109,861)	\$(33,703,649)

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>.

Payables to the Pension Plan

At June 30, 2022, the District reported a payable of \$194,348 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Pension Plan and Benefits

The District administers a single-employer defined benefit plan that provides pension benefits to eligible retirees as established by District policy. The School District Board manages the pension plan and has appointed the District Director of Business Services as trustee and investment manager. There are 130 active plan members, 59 inactive plan members currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits.

The School Board has the authority to establish and amend the types of benefits provided through the pension plan. The School Board determines the amount contributed to the trust. Currently the contribution equals the amount needed to pay current benefits plus an additional amount to prefund benefits, as funding is available. The plan does not issue a standalone report.

Teachers hired prior to July 1, 2009: Upon retirement from a full-time position after completing 15 years of service in the District and attaining age 57 or greater, the retiree shall receive a stipend in an amount equivalent to 25% of the base salary. This stipend will be paid on the same days as an active teacher's payroll and for a period of five years.

Administrators hired prior to July 1, 2003: Upon retirement from a full-time position after completing 25 years of service (for administrators hired on or after May 1, 1999, their 10 consecutive years of service prior to retirement must be with the District) and attaining age 55 or greater, the retiree shall receive an annual stipend in the amount of 15% of the average of the retiree's three highest annual contracted salaries. This stipend shall be paid monthly and will continue for a period of seven years.

Administrators hired after July 1, 2003, but before July 1, 2010: Upon retirement from a full-time position after completing 25 years of service (for administrators hired on or after May 1, 1999, their 10 consecutive years of service prior to retirement must be with the District) and attaining age 57 or greater, the retiree shall receive an annual stipend in the amount of 15% of the average of the retiree's three highest annual contracted salaries. This stipend shall be paid monthly and will continue for a period of five years.

Supervisors hired prior to July 1, 2003: Upon retirement from a full-time position after completing 15 years of service and attaining age 55 or greater, the retiree shall receive a bimonthly stipend for a period of seven years. The amount of this stipend is based upon 50% of the annual salary multiplied by the number of months worked per year and by a rate factor determined by years of service.

Supervisors hired after July 1, 2003, but before July 5, 2010: Upon retirement from a full-time position after completing 15 years of service and attaining age 57 or greater, the retiree shall receive a bimonthly stipend for a period of seven years. The amount of this stipend is based upon 50% of the annual salary multiplied by the number of months worked per year and by a rate factor determined by years of service.

The pension plan investment policies and investment disclosures are discussed in Note 1 and Note 4. For June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.07%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Pension Plan and Benefits (Continued)

The components of the net pension liability of the District at June 30, 2022, were as follows:

Total pension liability	\$ 3,078,913
Plan fiduciary net position	(1,387,928)
<hr/>	
Net pension liability	\$ 1,690,985
<hr/>	

Plan fiduciary net position as a percentage of the total pension liability	45.1 %
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The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2021 and rolled forward to June 30, 2022. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 2.25%, net of pension plan investment expense, including inflation. Mortality assumptions from the Wisconsin 2018 mortality table adjusted for future mortality improvements using MP-2018 fully generated improvement scale (multiplied by 60%). The actuarial assumptions used in the June 30, 2021, valuation were based on the results of a 2018 actuarial experience study using Wisconsin Retirement System (WRS) experience from 2015-2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, (see discussion of the pension plan's investment policy) are summarized in the following table:

<i>Asset Class</i>	Long-Term Expected Real Rate of Return
WISC funds	2.25 %

The discount rate used to measure the total pension liability was 2.25%, as determined by the actuary at Bond Buyer GO for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Pension Plan and Benefits (Continued)

Changes in the net pension liability (asset) for the year ended June 30, 2022, were as follows:

<i>Changes in Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2021	\$ 2,815,483	\$ 1,645,836	\$ 1,169,647
Changes for the year:			
Service cost	152,588	-	152,588
Interest	60,215	-	60,215
Differences between expected and actual experience	475,152	-	475,152
Changes in assumptions or other input	6,605	-	6,605
Contributions - Employee	-	169,741	(169,741)
Net investment income	-	3,481	(3,481)
Benefit payments	(431,130)	(431,130)	-
Net changes	263,430	(257,908)	521,338
Balances at June 30, 2022	\$ 3,078,913	\$ 1,387,928	\$ 1,690,985

The following presents the net pension liability of the District, calculated using the discount rate of 2.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.25%) or 1 percentage point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
District's net pension liability	\$ 1,853,725	\$ 1,690,985	\$ 1,531,521

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Pension Plan and Benefits (Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$9,553,730. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 649,689	\$ 174,072
Changes of assumptions	150,377	7,703
Net difference between projected and actual earnings on pension plan investments	16,181	-
Totals	\$ 816,247	\$ 181,775

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2023	\$ 48,390
2024	114,572
2025	124,303
2026	117,097
2027	110,969
Thereafter	119,141

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found online 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 be found using the link above.

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2021, are as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (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 members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021, are as follows:

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

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

During the reporting period, the LRLIF recognized \$8,382 in contributions from the employer.

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

At June 30, 2022, the District reported a liability of \$2,486,079 for its proportionate share of the Net OPEB Liability. The Net OPEB Liability was measured as of December 31, 2021, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to December 31, 2021. 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, 2021, the District's proportion was 0.41769300%, which was an increase of 0.00293700% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$314,143.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

At June 30, 2022, 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	\$ -	\$ 126,465
Net differences between projected and actual earnings on pension plan investments	32,346	-
Change in assumptions	751,131	120,501
Changes in proportion and differences between employer contributions and proportionate share of contributions	63,365	34,690
Employer contributions subsequent to the measurement date	4,144	-
Total	\$ 850,986	\$ 281,656

\$4,144 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ended June 30, 2022. Other 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	Net Deferred Outflows (Inflows) of Resources
2023	\$ 127,146
2024	123,391
2025	109,171
2026	138,438
2027	65,070
Thereafter	1,970

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

The Total OPEB Liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2021
Measurement date of net OPEB liability (asset)	December 31, 2021
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	2.06%
Long-term expected rate of return	4.25%
Discount rate	2.17%
Salary increases:	
Inflation	3.00
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experienced study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investment). 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.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit bonds	Bloomberg U.S. Interm Credit	45 %	1.68 %
U.S. Long credit bonds	Bloomberg U.S. Long Credit	5 %	1.82 %
U.S. Mortgages	Bloomberg U.S. MBS	50 %	1.94 %
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 inflation rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.2% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate: A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

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 calculated using the discount rate of 2.17%, as well as what the District's proportionate share of the Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.17%) or 1 percentage point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
District's proportionate share of the net OPEB liability (asset) \$	3,372,713	\$ 2,486,079	\$ 1,818,923

Note 15: District Other Postemployment Benefits

The District administers a single-employer defined benefit plan that provides OPEB benefits to eligible retirees as established by District policy. The School District Board manages the OPEB plan and has appointed the District Director of Business Services as trustee and investment manager. There are 437 active plan members, 70 inactive plan members currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits. The School Board has the authority to establish and amend the types of benefits provided through the OPEB plan. The School Board determines the amount contributed to the trust. Currently the contribution equals the amount needed to pay current benefits plus an additional amount to prefund benefits, as funding is available. The plan does not issue a standalone report.

Teachers hired prior to July 1, 2009: Teachers with 15 years of service in the District may elect to retire at age 57 or any year thereafter. The retiree will receive paid medical and dental premiums until he or she qualifies for Medicare (a maximum of eight years).

Administrators and Supervisors hired prior to July 1, 2003: Administrators with 10 years of consecutive teaching/administrative employment with the District (15 years of service for Supervisors) may elect to retire at age 55 or any year thereafter. The retiree will receive paid health and dental insurance until he or she qualifies for Medicare.

Administrators hired on or after July 1, 2003, but before July 1, 2010: Administrators with 10 years of consecutive administrative employment with the District may elect to retire at age 57 or any year thereafter. Retirees will receive health/dental coverage until he or she qualifies for Medicare. Any increase in the school district medical/dental premiums after their retirement date will be paid for by the retiree.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 15: District Other Postemployment Benefits (Continued)

Supervisors hired on or after July 1, 2003, but before July 1, 2010: Supervisors with 15 years of service may elect to retire at age 57 or any year thereafter. Retirees will receive health/dental coverage until they qualify for Medicare. Any increase in the District medical/dental premiums after their retirement date will be paid by the retiree.

The OPEB plan investment policies and investment disclosures are discussed in Note 1 and Note 4. Currently the plan is invested in WISC funds. For June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 0.07%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	\$ 17,054,552
Plan fiduciary net position	<u>(7,500,822)</u>
Net OPEB liability	<u>\$ 9,553,730</u>
Plan fiduciary net position as a percentage of the total OPEB liability	43.98 %

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to June 30, 2022. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 2.25%, net of OPEB plan investment expense, including inflation. The medical care trend at a rate of 6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter. Actuarial assumptions are based upon an experience study conducted in 2018 using WRS experience from 2015-2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022, (see discussion of the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
WISC funds	2.25 %

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 15: District Other Postemployment Benefits (Continued)

The discount rate used to measure the total pension liability was 2.25%, as determined by the actuary at Bond Buyer GO for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the net OPEB liability for the year ended June 30, 2022, were as follows:

<i>Changes in Net OPEB Liability</i>	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 15,200,417	\$ 8,009,343	\$ 7,191,074
Changes for the year:			
Service cost	729,036	-	729,036
Interest	335,643	-	335,643
Differences between expected and actual experience	1,512,607	-	1,512,607
Changes in assumptions or other input	571,745	-	571,745
Contributions - Employee	-	1,022,953	(1,022,953)
Net investment income (loss)	-	(236,578)	236,578
Benefit payments	(1,294,896)	(1,294,896)	-
Net changes	1,854,135	(508,521)	2,362,656
Balances at June 30, 2022	\$ 17,054,552	\$ 7,500,822	\$ 9,553,730

The following presents the net OPEB liability of the District, calculated using the discount rate of 2.25%, as well as what the District's net OPEB liability would be if it were calculating using a discount rate that is 1 percentage point lower (1.25%) or 1 percentage point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's net OPEB liability	\$ 10,519,003	\$ 9,553,730	\$ 8,615,948

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 15: District Other Postemployment Benefits (Continued)

The following represents the District's net OPEB liability calculated using the health care cost trend rate of 6.5% decreasing to 5.0%, as well as what the District's net OPEB liability would be if it were calculated using the health care cost trend rate that is 1 percentage point lower (5.5% decreasing to 4.0%) or 1 percentage point higher (7.5% decreasing to 6.0%) than the current rate:

	1% Decrease (5.5% decreasing to 4.0%)	Health Care Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase to (7.5% decreasing to 6.0%)
District's net OPEB liability	\$ 8,313,920	\$ 9,553,730	\$ 10,967,765

For the year ended June 30, 2022, the District recognized OPEB expense of \$451,249. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,361,346	\$ 5,164,669
Changes of assumptions or other input	1,391,825	367,179
Net difference between projected and actual earnings on OPEB plan investments	488,303	-
Totals	\$ 3,241,474	\$ 5,531,848

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2023	\$ (487,185)
2024	(511,286)
2025	(536,401)
2026	(564,065)
2027	(646,813)
Thereafter	455,376

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 15: District Other Postemployment Benefits (Continued)

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

Note 16: 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; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal year 2022.

The District has retained the risk of loss for its health program. The plan is accounted for in the General Fund of the District as required by the Department of Public Instruction. A third-party administrator is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. As part of the health care coverage, the District purchases stop-loss coverage, which pays claims in excess of \$120,000 up to unlimited per individual and claims in excess of \$11,503,898.

At June 30, 2022, the District has recorded a \$1,372,528 liability, which represents accrued health insurance premiums for the current contract year and estimated outstanding claims incurred that were reported and unreported on or before June 30, 2022.

	2022	2021
Unpaid claims at beginning of year	\$ 1,708,481	\$ 1,708,481
Current year claims	(7,702,217)	(8,625,113)
Claim payments	7,366,264	8,625,113
Totals	\$ 1,372,528	\$ 1,708,481

Note 17: Jointly Governed Organization

The District is served by Cooperative Education Service Agency No. 10 (CESA). CESA is a regional service entity organized to serve the educational needs of 29 school districts in all or parts of Barron, Buffalo, Chippewa, Dunn, Eau Claire, Jackson, Marathon, Price, Rusk, Sawyer, Taylor, and Trempealeau Counties. CESA is governed by an 11-member board of control elected from a delegate assembly, which consists of one school board member from each of the school districts in the CESA region, with special provisions made for areas served by union high/K-8 districts. Participating school districts have neither an ongoing financial interest nor responsibility. The District purchased \$164,537 of education services during the fiscal year. At June 30, 2022, due to/from other governments included \$30,998 for CESA.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 18: Related Parties

The District maintains investments with the Wisconsin Investment Series Cooperative (WISC) in the amount of \$20,119,472. The Business Manager of the District is also the WISC Chairman. The District invests funds throughout the year with WISC (see Note 4).

Required Supplementary Information

Chippewa Falls Area Unified School District

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
	Revenues:			
Local	\$ 22,559,030	\$22,559,030	\$22,600,123	\$ 41,093
Interdistrict	1,373,650	1,373,650	1,413,339	39,689
Intermediate	32,857	32,857	39,553	6,696
State	36,449,761	36,449,761	36,863,599	413,838
Federal	2,192,794	2,192,794	3,189,962	997,168
Other	480,000	480,000	394,742	(85,258)
Total revenues	63,088,092	63,088,092	64,501,318	1,413,226
Expenditures:				
Instruction:				
Undifferentiated curriculum	14,104,319	14,104,319	13,694,138	410,181
Regular curriculum	9,577,758	9,577,758	9,337,866	239,892
Vocational instruction	2,102,516	2,102,516	2,013,295	89,221
Physical curriculum	1,394,146	1,394,146	1,432,050	(37,904)
Co-curricular activities	842,799	842,799	811,214	31,585
Gifted and talented	1,152,616	1,152,616	1,189,490	(36,874)
Total instruction	29,174,154	29,174,154	28,478,053	696,101
Support services:				
Pupil services	2,541,590	2,541,590	2,521,285	20,305
Instructional staff services	3,878,202	3,878,202	3,647,821	230,381
General administration services	2,009,814	2,009,814	2,002,466	7,348
Building administration services	3,248,442	3,248,442	3,270,704	(22,262)
Business services	10,103,913	10,103,913	10,500,752	(396,839)
Central services	162,802	162,802	144,614	18,188
Insurance	433,100	433,100	367,701	65,399
Debt service	147,380	147,380	462,586	(315,206)
Other support services	964,753	964,753	1,055,879	(91,126)
Total support services	23,489,996	23,489,996	23,973,808	(483,812)
Non-program transactions:				
Purchased instructional services	4,204,800	4,204,800	5,039,332	(834,532)
Other nonprogram transactions	-	-	302,819	(302,819)
Total non-program transactions	4,204,800	4,204,800	5,342,151	(1,137,351)
Total expenditures	56,868,950	56,868,950	57,794,012	(925,062)

Chippewa Falls Area Unified School District

Budgetary Comparison Schedule - General Fund (Continued)

Year Ended June 30, 2022

	Original	Final	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Excess of revenues over expenditures	\$ 6,219,142	\$ 6,219,142	\$ 6,707,306	\$ 488,164
Other financing sources (uses):				
Transfers out	(6,249,142)	(6,249,142)	(5,810,624)	438,518
Proceeds from sale of capital assets	30,000	30,000	-	(30,000)
Issuance of leases	-	-	302,205	302,205
Net other financing sources (uses)	(6,219,142)	(6,219,142)	(5,508,419)	710,723
Net change in fund balance	-	-	1,198,887	1,198,887
Fund balance - Beginning of year	6,688,615	6,688,615	6,688,615	-
Fund balance - End of year	\$ 6,688,615	\$ 6,688,615	\$ 7,887,502	\$ 1,198,887

See Independent Auditor's Report.

See accompanying notes to the Budgetary Comparison Schedule - General Fund.

Chippewa Falls Area Unified School District

Notes to the Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2022

Note 1: Budgetary Information

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 (DPI).

The legally adopted budget and budgetary expenditure control are exercised at the two-digit subfunction level in the General Fund and at the function 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 a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as an assigned fund balance. There were no such appropriations in the current year.

Chippewa Falls Area Unified School District
Notes to the Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2022

Note 2: Budgetary Comparisons

GAAP requires a budgetary comparison for the General Fund and each major special revenue fund.

Required comparisons are between the final budget and actual on a budgetary basis. The "original budget" represents the budget as approved by the school board after it sets the tax to be levied for the fiscal year. The "final budget" is the "original budget" adjusted for any budget amendments approved by the school board during the fiscal year and up to the time the financial statements are ready to be issued. The "actual on a budgetary basis" excludes the revenues, expenditures, and other financing sources (uses) of the special education fund and community service fund, which are treated as special revenue funds for budgetary purposes. The following schedule reconciles the "budgetary basis" revenues and expenditures of the *budgetary comparison schedule - general fund* to the *governmental funds - statement of revenues, expenditures, and changes in fund balances*:

	General Fund Actual on Budgetary Basis	Special Education Fund	General Fund Actual on GAAP Basis
Revenues	\$ 64,501,318	\$ 3,860,707	\$ 68,362,025
Expenditures	(57,794,012)	(9,839,615)	(67,633,627)
Other financing sources (uses)	(5,508,419)	5,978,908	470,489
Net change in fund balance	\$ 1,198,887	\$ -	\$ 1,198,887

Note 3: Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, the General Fund had expenditures in excess of appropriations for the following two-digit subfunction categories:

	Budget	Actual	Actual Over Budget
Physical curriculum	\$ 1,394,146	\$ 1,432,050	\$ 37,904
Gifted and talented	1,152,616	1,189,490	36,874
Building administration services	3,248,442	3,270,704	22,262
Business Services	10,103,913	10,500,752	396,839
Debt service	147,380	462,586	315,206
Other support services	964,753	1,055,879	91,126
Purchased instructional services	4,204,800	5,039,332	834,532
Other nonprogram transactions	-	302,819	302,819

Chippewa Falls Area Unified School District

Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset)

Wisconsin Retirement System (WRS)

Last 10 Calendar Years*

Measurement Date December 31,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	Districts Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.18746299 %	\$ (15,109,861)	\$ 31,070,042	(48.63)%	106.02 %
2020	0.19155981	(11,959,344)	32,243,297	(37.09)	105.26
2019	0.19079746	(6,152,181)	30,342,873	(20.28)	102.96
2018	0.19234251	6,842,943	29,495,291	23.20	96.45
2017	0.19367705	(5,750,501)	28,327,731	(20.30)	102.93
2016	0.19107927	1,574,949	28,092,202	5.61	99.12
2015	0.18455662	2,999,009	27,827,462	10.78	98.20
2014	0.17608579	(4,325,149)	25,639,676	(16.87)	102.74

Schedule of the Employer Contributions

Wisconsin Retirement System (WRS)

Last 10 Fiscal Years*

Year Ended June 30,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2022	\$ 2,085,427	\$ 2,085,427	\$ -	\$ 31,202,236	6.68 %
2021	2,065,646	2,065,646	-	31,563,481	6.54
2020	2,041,343	2,041,343	-	30,678,908	6.65
2019	1,976,183	1,976,183	-	30,089,629	6.57
2018	1,956,281	1,956,281	-	28,987,721	6.75
2017	1,885,257	1,885,257	-	28,130,054	6.70
2016	1,886,538	1,886,538	-	28,163,320	6.70
2015	1,866,224	1,866,224	-	27,059,106	6.90

Chippewa Falls Area Unified School District

Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System (Continued)

Notes to the Schedules:

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

Changes of assumptions:

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

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

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

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

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

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

<i>Year Ended June 30, 2022</i>	2021	2020	2019	2018	2017
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	2.1%	2.1%	2.1%

Chippewa Falls Area Unified School District

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

<i>Year Ended June 30, 2022</i>	2021	2020	2019	2018	2017
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

Chippewa Falls Area Unified School District

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

<i>Year Ended June 30, 2022</i>	2016	2015	2014	2013
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:				
Pre-retirement:	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%
Salary Increases				
Wage Inflation:	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%

Chippewa Falls Area Unified School District

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

<i>Year Ended June 30, 2022</i>	2016	2015	2014	2013
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

Chippewa Falls Area Unified School District
Schedule of Changes in the Employer's Net Pension
Liability and Related Ratios - District Pension Plan
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Total pension liability:								
Service cost	\$ 152,588	\$ 149,230	\$ 145,248	\$ 139,498	\$ 177,197	\$ 168,581	\$ 168,581	\$ 212,624
Interest	60,215	64,779	108,144	119,712	99,710	108,015	129,105	128,482
Differences between expected and actual experience	475,152	-	(189,086)	-	467,866	-	(384,149)	-
Changes of assumptions or other inputs	6,605	-	134,331	47,834	7,425	49,789	(61,645)	-
Benefit payments	(431,130)	(405,911)	(416,939)	(407,874)	(371,875)	(352,583)	(476,013)	(618,419)
Net change in total pension liability	263,430	(191,902)	(218,302)	(100,830)	380,323	(26,198)	(624,121)	(277,313)
Total pension liability - Beginning	2,815,483	3,007,385	3,225,687	3,326,517	2,946,194	2,972,392	3,596,513	3,873,826
Total pension liability - Ending	\$ 3,078,913	\$ 2,815,483	\$ 3,007,385	\$ 3,225,687	\$ 3,326,517	\$ 2,946,194	\$ 2,972,392	\$ 3,596,513
Plan fiduciary net position:								
Contributions - Employer	\$ 169,741	\$ 405,911	\$ -	\$ -	\$ 1,000,000	\$ 850,000	\$ -	\$ -
Net investment income	3,481	975	34,471	50,656	16,979	5,155	630	186
Benefit payments, including refunds of employee contributions	(431,130)	(405,911)	(416,939)	(407,874)	(371,875)	(352,583)	(476,013)	(618,419)
Transfer of assets	-	-	2,224,477	-	-	-	-	-
Net change in plan fiduciary net position	(257,908)	975	1,842,009	(357,218)	645,104	502,572	(475,383)	(618,233)
Plan fiduciary net position - Beginning	1,645,836	1,644,861	(197,148)	160,070	(485,034)	(987,606)	(512,223)	106,010
Plan fiduciary net position - Ending	\$ 1,387,928	\$ 1,645,836	\$ 1,644,861	\$ (197,148)	\$ 160,070	\$ (485,034)	\$ (987,606)	\$ (512,223)
District's net pension liability - Ending	\$ 1,690,985	\$ 1,169,647	\$ 1,362,524	\$ 3,422,835	\$ 3,166,447	\$ 3,431,228	\$ 3,959,998	\$ 4,108,736

Chippewa Falls Area Unified School District
Schedule of Changes in the Employer's Net Pension
Liability and Related Ratios - District Pension Plan (Continued)
 Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Plan fiduciary net position as a percentage of the total pension liability	45.08 %	58.46 %	54.69 %	(6.11)%	4.81 %	(16.46)%	(33.23)%	(14.24)%
Covered payroll	\$ 8,813,928	\$ 10,357,396	\$ 10,357,396	\$ 11,666,167	\$ 11,666,167	\$ 9,576,851	\$ 13,692,462	\$ 14,149,613
District's net pension liability as a percentage of covered payroll	19.19%	11.29 %	13.16 %	29.34 %	27.14 %	35.83 %	28.92 %	29.04 %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District
Schedule of Employer Contributions - District Pension Plan
 Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 183,702	\$ 374,823	\$ 181,822	\$ 893,089	\$ 867,077	\$ 949,424	\$ 315,973	\$ 314,710
Contributions in relation to the actuarially determined contribution	169,741	405,911	-	-	1,000,000	850,000	-	-
Contribution deficiency (excess)	\$ 13,961	\$ (31,088)	\$ 181,822	\$ 893,089	\$ (132,923)	\$ 99,424	\$ 315,973	\$ 314,710
Covered payroll	\$ 8,813,928	\$ 10,357,396	\$ 10,357,396	\$ 11,666,167	\$ 11,666,167	\$ 9,576,851	\$ 13,692,462	\$ 14,149,613
Contributions as a percentage of covered payroll	1.93 %	3.92 %	0.0 %	0.00 %	8.57 %	8.88 %	0.00 %	0.00 %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Investment Returns - District Pension Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	0.07 %	0.35%	2.37 %	3.22 %	1.50 %	0.49 %	- %	- %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Notes to Required Supplementary Information - District Pension Plan

Year Ended June 30, 2022

Note 1: Valuation Date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Note 2: Methods and Assumptions Used to Determine Contribution Rates

Measurement Date:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Actuarial cost method:	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method:	Level % of salary	Level % of salary	Level dollar	Level dollar
Remaining amortization period:	30 years	30 years	30 years	5 years
Asset valuation method:	Market value	Market value	Market value	Market value
Inflation:	2.5%	2.0%	2.0%	2.5%
Salary increases:	3.0%	3.0%	3.0%	3.0%
Investment rate of return:	2.25%	2.25%	2.25%	3.5%
Retirement age:	WRS 2018 mortality table	WRS 2018 mortality table	WRS 2018 mortality table	WRS 2015 mortality table
Mortality:	WRS 2018 mortality table	WRS 2018 mortality table	WRS 2018 mortality table	WRS 2015 mortality table

Measurement Date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial cost method:	Entry age normal	Entry age normal	Entry age normal	Unit credit
Amortization method:	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period:	5 years	5 years	30 years	30 years
Asset valuation method:	Market value	Market value	Market value	Market value
Inflation:	2.5%	2.5%	2.5%	4.0%
Salary increases:	3.0%	3.0%	3.0%	3.0%
Investment rate of return:	3.5%	3.5%	3.75%	5.5%
Retirement age:	WRS 2015 mortality table	WRS 2012 mortality table	WRS 2012 mortality table	WRS 2012 mortality table
Mortality:	WRS 2015 mortality table	WRS 2012 mortality table	WRS 2012 mortality table	WRS 2012 mortality table

Note 3: Changes in Benefits

There were no changes in benefits.

Chippewa Falls Area Unified School District

Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund (LRLIF)

Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net OPEB Liability (Asset) Local Retiree Life Insurance Fund (LRLIF)

Measurement Date December 31,	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 as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.42063000 %	\$ 2,486,079	\$ 22,292,000	11.15 %	29.57 %
2020	0.41769300	2,297,613	22,012,000	10.44	31.36
2019	0.40148000	1,709,580	21,409,000	7.99	37.58
2018	0.40932400	1,056,194	20,532,000	5.14	48.69
2017	0.42705100	1,284,817	19,075,158	6.74	44.81

Schedule of the Employer Contributions Local Retiree Life Insurance Fund (LRLIF)

Last 10 Fiscal Years*

Year Ended June 30,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll for the Fiscal Period	Contributions as a Percentage of Covered Payroll
2022	\$ 8,382	\$ 8,382	\$ -	\$ 20,858,850	0.0402 %
2021	8,493	8,493	-	22,127,810	0.0384
2020	8,260	8,260	-	20,940,635	0.0394
2019	7,886	7,886	-	19,872,519	0.0397
2018	8,128	8,128	-	19,841,910	0.0410

Chippewa Falls Area Unified School District

Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund (LRLIF) (Continued)

Notes to the Schedules:

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.

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Changes in the Employer's Net OPEB

Liability and Related Ratios - District OPEB Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability:						
Service cost	\$ 729,035	\$ 712,993	\$ 722,221	\$ 692,064	\$ 1,131,968	\$ 1,131,968
Interest	335,643	342,067	595,930	632,969	831,146	820,461
Employee contributions	-	-	-	-	-	21,430
Differences between expected and actual experience	1,512,607	-	(3,047,029)	-	(6,063,495)	-
Changes of assumptions or other input	571,745	-	1,017,973	274,453	(734,359)	-
Benefit payments including refunds of member contributions	(1,294,896)	(1,402,284)	(813,82)	(2,120,434)	(1,505,983)	(1,809,702)
Net change in total OPEB liability	1,854,134	(347,224)	(1,524,729)	(520,948)	(6,340,723)	164,157
Total OPEB liability - Beginning	15,200,417	15,547,641	17,072,370	17,593,318	23,934,041	23,769,884
Total OPEB liability - Ending	\$ 17,054,551	\$ 15,200,417	\$ 15,547,641	\$ 17,072,370	\$ 17,593,318	\$ 23,934,041
Plan fiduciary net position:						
Contributions - Employer	1,022,952	\$ 2,584,875	\$ 875,786	\$ 1,100,000	\$ 1,074,786	\$ 21,430
Net investment income	(236,578)	27,966	182,750	219,598	110,920	40,871
Benefit payments, including refunds of employee contributions	(1,294,896)	(1,402,284)	(813,824)	(2,120,434)	(1,505,983)	(1,809,702)
Transfer of assets to fund pension benefits	-	-	(2,224,477)	-	-	-
Net change in plan fiduciary net position	(508,522)	1,210,557	(1,979,765)	(800,836)	(320,277)	(1,747,401)
Plan fiduciary net position - Beginning	8,009,343	6,798,786	8,778,551	9,579,387	9,899,664	11,647,065
Plan fiduciary net position - Ending	\$ 7,500,821	\$ 8,009,343	\$ 6,798,786	\$ 8,778,551	\$ 9,579,387	\$ 9,899,664
District's net OPEB liability - Ending	\$ 9,553,730	\$ 7,191,074	\$ 8,748,855	\$ 8,293,819	\$ 8,013,931	\$ 14,034,377
Plan fiduciary net position as a percentage of the total OPEB liability	43.98 %	52.69 %	43.73 %	51.42 %	54.45 %	41.36 %
Covered-employee payroll	\$ 28,853,224	\$ 26,556,100	\$ 26,556,100	\$ 24,716,887	\$ 24,716,887	\$ 9,576,851
District's net OPEB liability as a percentage of covered-employee payroll	33.11 %	27.08 %	32.94 %	33.56 %	32.42 %	146.54 %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Employer Contributions - District OPEB Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,042,387	\$ 2,672,363	\$ 998,648	\$ 1,293,837	\$ 1,256,152	\$ 1,527,511
Contributions in relation to the actuarially determined contribution	(1,022,952)	(2,584,875)	(875,786)	(1,100,000)	(1,074,786)	(1,527,511)
Contribution deficiency (excess)	\$ 19,435	\$ 87,488	\$ 122,862	\$ 193,837	\$ 181,366	\$ -
Covered-employee payroll	\$ 28,853,224	\$ 26,556,100	\$ 26,556,100	\$ 24,716,887	\$ 24,716,887	\$ 9,576,851
Contributions as a percentage of covered-employee payroll	3.55 %	9.73 %	3.30 %	4.45 %	4.35 %	15.95 %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Investment Returns - District OPEB Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	0.07 %	0.35 %	2.37 %	3.22 %	1.50 %	0.49 %

*This schedule is intended to present information for the last 10 years.
Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Notes to Required Supplementary Information - District OPEB Plan

Year Ended June 30, 2022

Note 1: Valuation date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Note 2: Methods and Assumptions Used to Determine Contribution Rates

Measurement Date:	June 30, 2022	June 30, 2021	June 30, 2020
Actuarial cost method:	Entry age normal, level percent of salary	Entry age normal, level percent of salary	Entry age normal, level percent of salary
Amortization method:	Level % of salary	Level % of salary	Level dollar
Remaining amortization period:	30 years	30 years	30 years
Asset valuation method:	Market value	Market value	Market value
Inflation:	2.5%	2.0%	2.0%
Health care trend rates:	6.50% decreasing by 0.10% per year down to 5.0%, and level thereafter	7.50% initial, decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter	7.50% initial, decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Salary increases:	3.0%, average, including inflation	3.0%, average, including inflation	3.0%, average, including inflation
Investment rate of return:	2.25%	2.25%	2.25%
Trend and retirement:	Wisconsin Retirement System (WRS) experience study from 2015-2017	Wisconsin Retirement System (WRS) experience study from 2015-2017	Wisconsin Retirement System (WRS) experience study from 2015-2017
Measurement Date:	June 30, 2019	June 30, 2018	June 30, 2017
Actuarial cost method:	Entry age normal, level percent of salary	Entry age normal, level percent of salary	Entry age normal, level percent of salary
Amortization method:	Level dollar	Level dollar	Level dollar
Remaining amortization period:	30 years	30 years	30 years
Asset valuation method:	Market value	Market value	Market value
Inflation:	2.5%	2.5%	2.5%
Health care trend rates:	7.50% initial, decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter	7.50% initial, decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter	7.50% initial, decreasing by 0.5% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter
Salary increases:	3.0%, average, including inflation	3.0%, average, including inflation	3.0, average, including inflation
Investment rate of return:	3.5%	3.75%	3.5%
Trend and retirement:	Wisconsin Retirement System (WRS) experience study from 2012-2014	Wisconsin Retirement System (WRS) experience study from 2012-2014	All of the demographic assumptions used in this actuarial study are approximately the same as those used in the December 31, 2014, Wisconsin Retirement System (WRS) annual report.

Note 3: Changes in Benefits

There were no changes in benefits.

Supplementary Financial Information

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards

June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2021	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE							
Wisconsin Department of Public Instruction							
Child Nutrition Cluster:							
COVID-19- School Breakfast Program July 1, 2021-June 30, 2022	10.553	2022-091092--DPI-SB-546	\$ -	\$ 468,825	\$ 478,148	\$ 9,323	\$ -
COVID-19- Severe Need School Breakfast Program July 1, 2021-June 30, 2022	10.553	2022-091092-DPI-SB-SEVERE-546	-	596,385	606,191	9,806	-
TOTAL 10.553			-	1,065,210	1,084,339	19,129	-
COVID-19- National School Lunch Program (Non-Cash Assistance) July 1, 2021-June 30, 2022	10.555	2022-091092-DPI-NSL-547	-	270,778	270,778	-	-
COVID-19- National School Lunch Program (Cash Assistance) July 1, 2021-June 30, 2022	10.555	2022-091092-DPI-NSL-547	-	2,596,659	2,639,980	43,321	-
TOTAL 10.555			-	2,867,437	2,910,758	43,321	-
COVID-19 - Summer Food Service Program July 1, 2021-June 30, 2022	10.559	2022-091092-DPI-SFSP-561	93,240	96,415	21,415	18,240	-
TOTAL 10.559			93,240	96,415	21,415	18,240	-
TOTAL CHILD NUTRITION CLUSTER			93,240	4,029,062	4,016,512	80,690	-

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards (Continued)

June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2021	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE (Continued)							
Wisconsin Department of Public Instruction							
COVID-19 - Pandemic Electronic Benefit							
Transfer Local Level Administrative Cost Grant	10.649	N/A	\$ -	\$ 3,063	\$ 3,063	\$ -	\$ -
July 1, 2021-June 30, 2022							
TOTAL U.S. DEPARTMENT OF AGRICULTURE			93,240	4,032,125	4,019,575	80,690	-
FEDERAL COMMUNICATIONS COMMISSION							
Direct							
COVID-19 - Emergency Connectivity Fund	32.009	N/A	-	235,901	235,901	-	-
July 1, 2021-June 30, 2022							
TOTAL FEDERAL COMMUNICATIONS COMMISSION			-	235,901	235,901	-	-
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction							
Special Education Cluster (IDEA)							
Special Education Grants to State	84.027	2022-091092-DPI-FLOW-341	286,780	1,039,411	1,076,847	324,216	-
July 1, 2021-June 30, 2022							
Special Education Preschool Grants	84.173	2022-091092-DPI-PRESCH-347	3,998	82,344	85,086	6,740	-
July 1, 2021-June 30, 2022							
Total Special Education Cluster (IDEA)			290,778	1,121,755	1,161,933	330,956	-

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards (Continued)

June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2021	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION (Continued)							
Wisconsin Department of Public Instruction							
Title I Grants to Local Educational Agencies July 1, 2021-June 30, 2022	84.010	2022-091092-DPI-TIA-141	\$ 299,841	\$ 717,282	\$ 752,013	\$ 334,572	\$ -
Improving Teacher Quality State Grants July 1, 2021-June 30, 2022	84.367	2022-091092-DPI-TIIA-365	16,255	99,068	106,249	23,436	-
Student Support and Academic Enrichment Grants July 1, 2021-June 30, 2022	84.424	2022-091092-DPI-TIVA-381	1,500	68,656	72,633	5,477	-
COVID-19 - Elementary and Secondary School Emergency Relief July 1, 2020-June 30, 2021	84.425D	2022-091092-DPI-ESSERF-160	36,040	231,393	195,353	-	-
COVID-19 - Elementary and Secondary School Emergency Relief II July 1, 2021-June 30, 2022	84.425D	2022-091092-DPI-ESSERFII-163	-	144,100	256,222	112,122	-
COVID-19 - ARP Homeless Children and Youth July 1, 2021-June30, 2022	84.425W	2022-091092-DPI-ARPHCYI-168	-	-	9,625	9,625	-
<hr/>							
TOTAL 84.425			36,040	375,493	461,200	121,747	-
<hr/>							

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards (Continued)

June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2021	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Amount Provided to Subrecipients
U.S DEPARTMENT OF EDUCATION (Continued)							
CESA #10							
Career and Technical Education - Basic Grants to States July 1, 2021-June 30, 2022	84.048	N/A	\$ 30,763	\$ 30,763	\$ 30,998	\$ 30,998	\$ -
English Language Acquisition Grants July 1, 2021-June 2022	84.365	N/A	-	2,255	2,255	-	-
TOTAL U.S. DEPARTMENT OF EDUCATION			675,177	2,415,272	2,587,281	507,733	-
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Wisconsin Department of Public Instruction							
Substance Abuse and Mental Health Services Projects of Regional and National Significance July 1, 2021-June 30, 2022	93.243	2022-091092-DPI-AWARE-393	64,248	346,102	355,401	73,547	-
Wisconsin Department of Health Services							
Medicaid Cluster:							
Medical Assistance Program July 1, 2021-June 30, 2022	93.778	N/A	24,983	681,921	693,505	36,567	-
TOTAL MEDICAID CLUSTER			24,983	681,921	693,505	36,567	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			89,231	1,028,023	1,048,906	110,114	-
TOTAL FEDERAL AWARDS			\$ 857,648	\$ 7,711,321	\$ 7,891,663	\$ 698,537	\$ -

See Independent Auditor's Report.

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Assistance.

Chippewa Falls Area Unified School District

Schedule of State Financial Assistance

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	State Identification Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2021	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Amount Provided to Subrecipients
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Special Education and School Age Parents	255.101						
District Programs		091092-100	\$ -	\$ 2,364,311	\$ 2,364,311	\$ -	\$ -
Participant in Package Program CESA #10		N/A	-	12,587	12,587	-	-
Total Special Education and School Age Parents			-	2,376,898	2,376,898	-	-
Common School Fund Library Aid	255.103	091092-104	-	275,094	275,094	-	-
Gen Trans Aid for Public and NP Sch Pupils	255.107	091092-102	-	287,646	287,646	-	-
Equalization Aid	255.201	091092-116	486,166	32,202,486	31,716,320	-	-
Team Student Services Prevention and Wellness	255.321	091092-142	-	-	1,000	1,000	-
Educator Effective Eval Sys Grants Public	255.940	091092-154	-	31,360	31,360	-	-
Alcohol and Other Drug Abuse	255.306	091092-143	25,000	25,000	-	-	-
Per Pupil Aid	255.945	091092-113	-	3,689,224	3,689,224	-	-
High Cost Transportation Aid	255.947	091092-114	-	419,709	419,709	-	-
Financial Literacy Innovation Grant	255.950	091092-171	270	1,767	1,497	-	-
Assessments of Reading Readiness	255.956	091092-166	-	7,763	7,763	-	-
Robotics League Participation Grants	255.959	091092-167	-	2,710	6,637	3,927	-
Early College Program	255.445	091092-178	-	671	671	-	-
Transition Readiness Grant	255.257	091092-174	52,997	52,997	60,389	60,389	-
Aid for Special Education Transition Grant BBL	255.960	091092-168	-	31,562	31,562	-	-
Total Wisconsin Department of Public Instruction			564,433	39,404,887	38,905,770	65,316	-

Chippewa Falls Area Unified School District

Schedule of State Financial Assistance (Continued)

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	State Identification Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2021	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Amount provided to Subrecipients
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
CESA #10							
Chippewa Valley Youth Apprenticeship	20.445(7)(b)	N/A	\$ -	\$ 6,300	\$ 6,300	\$ -	-
TOTAL State FINANCIAL ASSISTANCE			\$ 564,433	\$ 39,411,187	\$ 38,912,070	\$ 65,316	\$ -

See Independent Auditor's Report.

See accompanying notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Chippewa Falls Area Unified School District

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2022

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the District under programs of the federal and state government for the year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and *State of Wisconsin Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 2: Summary of Significant Accounting Policies

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Special Education and School Age Parents Program

2021-2022 eligible costs under the State Special Education Program were \$8,511,520.

Other Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, Wisconsin

We have audited, in accordance with 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 Chippewa Falls Area Unified School District, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Chippewa Falls Area Unified School District's basic financial statements, and have issued our report thereon dated December 5, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chippewa Falls Area Unified School 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chippewa Falls Area Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chippewa Falls Area Unified School 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 reasonable possibility that a material misstatement of the Chippewa Falls Area Unified School District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chippewa Falls Area Unified School 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*.

Chippewa Falls Area Unified School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Chippewa Falls Area Unified School 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 Chippewa Falls Area Unified School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chippewa Falls Area Unified School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/w/Wipfli LLP
Wipfli LLP

Eau Claire, Wisconsin
December 5, 2022

Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Guidelines

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Chippewa Falls Area Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of its major federal or state programs for the year ended June 30, 2022. Chippewa Falls Area Unified School District's major federal or state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Chippewa Falls Area Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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

We are required to be independent of Chippewa Falls Area Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Chippewa Falls Area Unified School 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 Chippewa Falls Area Unified School District's federal or state programs.

Auditor's Responsibility 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 Chippewa Falls Area Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration and the Uniform Guidance 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 Chippewa Falls Area Unified School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, *State Single Audit Guidelines* and the Uniform Guidance, 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 Chippewa Falls Area Unified School 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 Chippewa Falls Area Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Chippewa Falls Area Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

/w/Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin

December 5, 2022

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

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

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

Identification of major federal program(s)

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556, 10.559, and 10.582	Child Nutrition Cluster
84.010	Title IA
93.778	Medicaid Cluster
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	No

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

I. Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with *State of Wisconsin Single Audit Guidelines*?

_____ Yes X No

Identification of major state program(s):

State I.D. Number

Name of State Program

255.101

Special Education and School Age Parents

255.107

Pupil Transportation

255.201

General Equalization

255.947

High Cost Transportation Aid

Federal programs tested as major state programs:

93.778

Medicaid Cluster

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

II. Financial Statement Findings

2022-001: Financial Accounting and Reporting

Criteria - The District is responsible for reporting financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP).

Condition - As part of our professional services for the year ended June 30, 2022, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause - The District does not expect, nor does it require, its financial staff to have the ability to prepare GAAP financial statements.

Effect - As a result of not having an individual trained in the preparation of GAAP basis financial statements, the completeness of the financial statement disclosures and the accuracy of the financial statement presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District as its own management. The risk of material misstatement is relatively low.

Recommendation - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

III. Federal Findings and Questioned Costs

None.

IV. State Findings and Questioned Costs (Continued)

None.

V. Other Issues

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

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State of Wisconsin Single Audit Guidelines*: No

Department of Public Instruction No

Department of Workforce Development No

Department of Health Services No

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

Name of Partner /s/Dan Walker, CPA
Dan Walker, CPA

Date December 5, 2022

Chippewa Falls Area Unified School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Financial Statement Findings

2021-001: Financial Accounting and Reporting - See finding 2022-001.

Federal Award Findings and Questioned Costs

None.

State Financial Assistance Findings and Questioned Costs

None.



**CHIPPEWA FALLS
AREA UNIFIED SCHOOL DISTRICT**

District Office
1130 Miles Street
Chippewa Falls, WI 54729-1998
Ph: 715-726-2417
Fax: 715-726-2781
Http://cfsd.chipfalls.k12.wi.us

December 5, 2022

Jeff Holmes
Superintendent of Schools

Chippewa Falls Area Unified School District
1130 Miles Street
Chippewa Falls, WI 54729

Christine McMasters
Executive Director
Student Services

The Chippewa Falls Area Unified School District submits the following corrective action plans for the identified findings and questioned costs for the year ended June 30, 2021.

Michelle Golden
Executive Director
Human Resources &
Public Relations

Finding 2022-001

Susan Kern
Executive Director
Curriculum &
Instruction

Corrective Action - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Chad Trowbridge
Executive Director
Business Services &
Finance

Person Responsible - Chad Trowbridge and Jessica Miller

Anticipated Completion Date - Ongoing

Sarah Radcliffe
Director
Educational Technology

Respectfully submitted,

Responsible Party