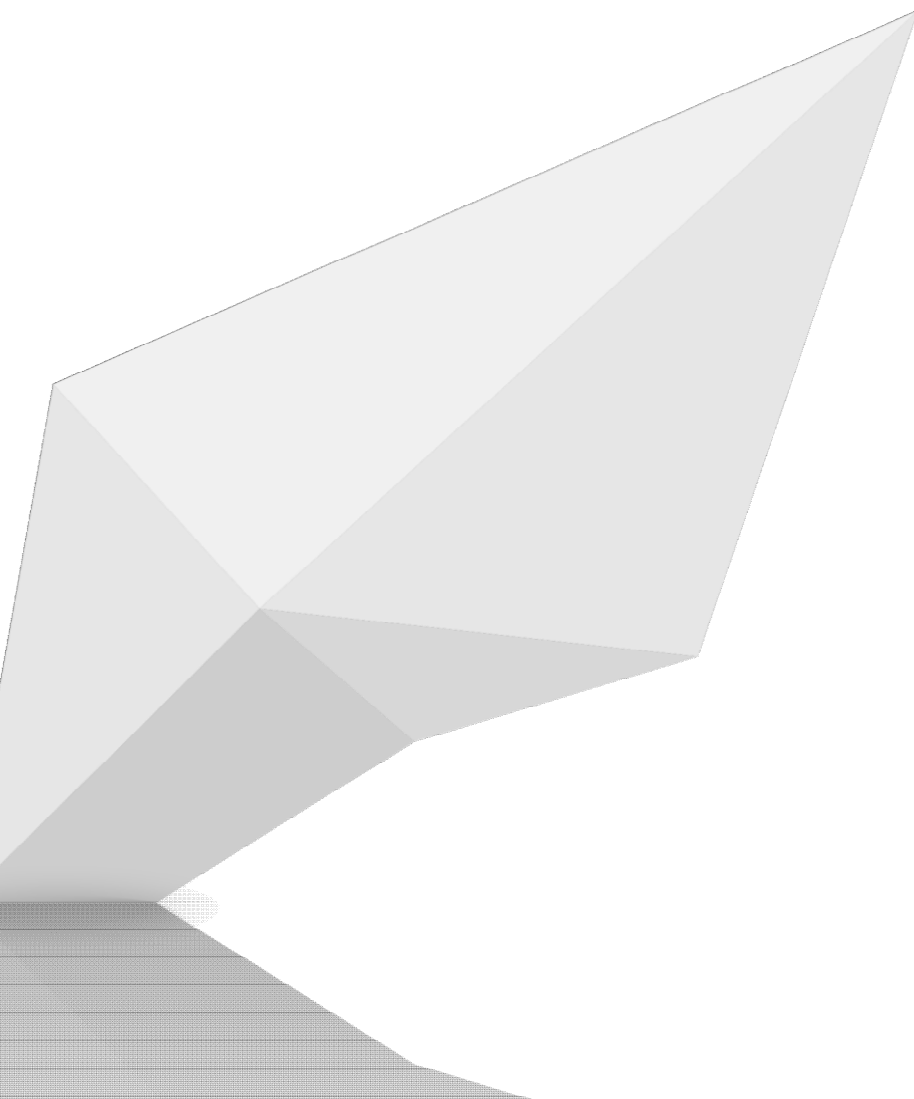


Chippewa Falls Area Unified School District

Financial Statements and
Supplementary Financial Information

Year Ended June 30, 2021



WIPFLI

Chippewa Falls Area Unified School District

Financial Statements and Supplementary Financial Information

Year Ended June 30, 2021

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States 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 59 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis 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 of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Public Instruction, and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.



Wipfli LLP

November 23, 2021
Eau Claire, Wisconsin

Government-Wide Financial Statements

Chippewa Falls Area Unified School District

Statement of Net Position

June 30, 2021

| <i>Assets and Deferred Outflows of Resources</i> | Governmental Activities |
|--|------------------------------------|
| Current assets: | |
| Cash and investments | \$ 17,724,195 |
| Receivables: | |
| Taxes | 8,122,820 |
| Accounts | 1,824,146 |
| Due from other governments | 1,667,762 |
| Inventory | 21,361 |
| Total current assets | 29,360,284 |
| Noncurrent assets: | |
| Restricted net pension asset - WRS | 11,959,344 |
| Capital assets: | |
| Land | 1,008,545 |
| Construction in progress | 43,021,046 |
| Land improvements | 4,747,550 |
| Buildings and building improvements | 65,318,883 |
| Furniture and equipment | 7,006,601 |
| Less - Accumulated depreciation | (34,189,772) |
| Total capital assets, net of accumulated depreciation | 86,912,853 |
| Total noncurrent assets | 98,872,197 |
| Total assets | 128,232,481 |
| Deferred outflows of resources: | |
| Related to pensions - District pension plan | 450,294 |
| Related to OPEB - District OPEB plan | 1,291,603 |
| Related to pensions - WRS | 18,434,508 |
| Related to OPEB - LRLIF | 998,632 |
| Total deferred outflows of resources | 21,175,037 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 149,407,518 |

Chippewa Falls Area Unified School District

Statement of Net Position (Continued)

June 30, 2021

| <i>Liabilities, Deferred Inflows of Resources, and Net Position</i> | Governmental Activities |
|---|------------------------------------|
| Liabilities: | |
| Current liabilities: | |
| Accounts payable | \$ 3,720,892 |
| Short-term notes payable | 6,400,000 |
| Accrued liabilities: | |
| Payroll, payroll taxes, insurance | 4,533,734 |
| Claims incurred but not reported | 1,708,481 |
| Interest | 762,838 |
| Unearned revenue | 84,701 |
| Current portion of long-term obligations | 2,524,300 |
| Total current liabilities | 19,734,946 |
| Noncurrent liabilities: | |
| Bonds payable | 58,839,767 |
| Capital leases | 6,090 |
| Net OPEB liability - District OPEB plan | 7,191,074 |
| Net OPEB liability - LRLIF | 2,297,613 |
| Net pension liability - District pension plan | 1,169,647 |
| Compensated absences | 1,209,357 |
| Total noncurrent liabilities | 70,713,548 |
| Total liabilities | 90,448,494 |
| Deferred inflows of resources: | |
| Related to pensions - District pension plan | 284,482 |
| Related to OPEB - District OPEB plan | 6,516,336 |
| Related to pensions - WRS | 26,201,902 |
| Related to OPEB - LRLIF | 312,007 |
| Total deferred inflows of resources | 33,314,727 |
| Net position: | |
| Net investment in capital assets | 27,482,718 |
| Restricted for: | |
| Pension benefits | 11,959,344 |
| Debt service | 824,295 |
| Food service | 2,094,088 |
| Donations | 641,496 |
| Community service | 364,240 |
| Unspent common school fund revenues | 80,208 |
| Unrestricted | (17,802,092) |
| Total net position | 25,644,297 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | \$ 149,407,518 |

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Statement of Activities

Year Ended June 30, 2021

| <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 | \$ 25,825,001 | \$ 1,453,867 | \$ 787,162 | \$ (23,583,972) |
| Vocational instruction | 2,060,447 | - | 56,113 | (2,004,334) |
| Special education instruction | 8,099,774 | - | 2,956,394 | (5,143,380) |
| Other instruction | 2,438,114 | 26,661 | 658,135 | (1,753,318) |
| Total instruction | 38,423,336 | 1,480,528 | 4,457,804 | (32,485,004) |
| Support services: | | | | |
| Pupil services | 3,277,045 | - | 967,707 | (2,309,338) |
| Instructional staff services | 3,165,817 | 3,389 | 428,727 | (2,733,701) |
| General administration services | 1,921,464 | - | - | (1,921,464) |
| Building administration services | 3,249,737 | - | 151,425 | (3,098,312) |
| Business services | 694,121 | - | - | (694,121) |
| Operations and maintenance | 4,399,267 | - | 203,580 | (4,195,687) |
| Pupil transportation services | 3,905,317 | - | 238,964 | (3,666,353) |
| Food service | 2,007,545 | 140,747 | 2,853,425 | 986,627 |
| Central services | 180,363 | 47,239 | - | (133,124) |
| Insurance | 420,557 | - | - | (420,557) |
| Community services | 44,421 | 10,724 | 25,000 | (8,697) |
| Interest on debt | 2,289,127 | - | - | (2,289,127) |
| Other support services | 1,366,031 | - | - | (1,366,031) |
| Unallocated depreciation, excluding direct | 1,150,392 | - | - | (1,150,392) |
| Total support services | 28,071,204 | 202,099 | 4,868,828 | (23,000,277) |
| Total governmental activities (carried forward) | \$ 66,494,540 | \$ 1,682,627 | \$ 9,326,632 | \$ (55,485,281) |

Chippewa Falls Area Unified School District

Statement of Activities (Continued)

Year Ended June 30, 2021

| <i>Functions/Programs</i> | Expenses | Program Revenues | | Net (Expense) |
|--|----------|-------------------------|--|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in |
| | | | | Total Governmental Activities |
| Total governmental activities (brought forward) | | | | \$ (55,485,281) |
| General revenues: | | | | |
| Property taxes: | | | | |
| General purposes | | | | 22,977,139 |
| Debt service | | | | 4,458,271 |
| Community services | | | | 361,780 |
| State and federal aids not restricted to specific functions: | | | | |
| General | | | | 34,573,091 |
| Other | | | | 396,946 |
| Interest and investment earnings | | | | 20,279 |
| Miscellaneous | | | | 590,195 |
| Total general revenues | | | | 63,377,701 |
| Change in net position | | | | 7,892,420 |
| Net position - Beginning of year, as restated | | | | 17,751,877 |
| Net position - End of year | | | | \$ 25,644,297 |

See accompanying notes to financial statements.

Fund Financial Statements

Chippewa Falls Area Unified School District

Governmental Funds - Balance Sheet

June 30, 2021

| <i>Assets</i> | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------------------|-----------------------------|--------------------------------|--------------------------------|
| Cash and investments | \$ 10,036,803 | \$ 1,572,787 | \$ 2,950,487 | \$ 3,164,119 | \$ 17,724,196 |
| Receivables: | | | | | |
| Taxes | 8,122,820 | - | - | - | 8,122,820 |
| Due from other funds | 1,881,938 | - | - | - | 1,881,938 |
| Due from other governments | 1,574,521 | - | - | 93,240 | 1,667,761 |
| Inventory | - | - | - | 21,361 | 21,361 |
| Total assets | \$ 21,616,082 | \$ 1,572,787 | \$ 2,950,487 | \$ 3,278,720 | \$ 29,418,076 |
| <i>Liabilities and Fund Balances</i> | | | | | |
| Liabilities: | | | | | |
| Short-term notes payable | \$ 6,400,000 | \$ - | \$ - | \$ - | \$ 6,400,000 |
| Accounts payable | 972,749 | - | 1,413,583 | 31,825 | 2,418,157 |
| Accrued liabilities: | | | | | |
| Payroll, payroll taxes, insurance | 4,529,155 | - | - | 4,578 | 4,533,733 |
| Claims incurred but not reported | 1,708,481 | - | - | - | 1,708,481 |
| Interest | 14,347 | - | - | - | 14,347 |
| Unearned revenue | - | - | - | 84,701 | 84,701 |
| Due to other funds | 1,302,735 | - | - | 57,792 | 1,360,527 |
| Total liabilities | 14,927,467 | - | 1,413,583 | 178,896 | 16,519,946 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventory | - | - | - | 21,361 | 21,361 |
| Restricted: | | | | | |
| Debt service | - | 1,572,787 | - | - | 1,572,787 |
| Capital projects | - | - | 1,536,904 | - | 1,536,904 |
| Food service | - | - | - | 2,072,727 | 2,072,727 |
| Donations | - | - | - | 641,496 | 641,496 |
| Community service | - | - | - | 364,240 | 364,240 |
| Unspent common school fund revenues | 80,208 | - | - | - | 80,208 |
| Unassigned | 6,608,407 | - | - | - | 6,608,407 |
| Total fund balances | 6,688,615 | 1,572,787 | 1,536,904 | 3,099,824 | 12,898,130 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 21,616,082 | \$ 1,572,787 | \$ 2,950,487 | \$ 3,278,720 | \$ 29,418,076 |

Chippewa Falls Area Unified School District

Governmental Funds - Balance Sheet (Continued)

June 30, 2021

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) | \$ 12,898,130 |
|--|---------------|

Capital 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 assets | \$ 121,102,625 | |
| Governmental accumulated depreciation | (34,189,772) | 86,912,853 |

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 | (1,169,647) | |
| Net pension asset - WRS | 11,959,344 | |
| Net OPEB liability - District OPEB plan | (7,191,074) | |
| Net OPEB liability - LRLIF | (2,297,613) | |
| Deferred inflows of resources related to pensions - District pension plans | (284,482) | |
| Deferred inflows of resources related to pensions - WRS | (26,201,902) | |
| Deferred inflows of resources related to OPEB - District OPEB plan | (6,516,336) | |
| Deferred inflows of resources related to OPEB - LRLIF | (312,007) | |
| Deferred outflows of resources related to pensions - District pension plan | 450,294 | |
| Deferred outflows of resources related to pensions - WRS | 18,434,508 | |
| Deferred outflows of resources related to OPEB - District OPEB plan | 1,291,603 | |
| Deferred outflows of resources related to OPEB - LRLIF | 998,632 | (10,838,680) |

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.

(2,524,767)

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 | (58,390,000) | |
| Accrued interest on long-term debt | (748,492) | |
| Capital leases payable | (52,271) | |
| Compensated absences | (1,612,476) | (60,803,239) |

| | |
|--|---------------|
| Net position - Governmental activities | \$ 25,644,297 |
|--|---------------|

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, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|-------------------|-------------------------|--------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Property taxes | \$22,977,139 | \$ 4,457,865 | \$ - | \$ 361,780 | \$ 27,796,784 |
| Local | 240,911 | 406 | 17,183 | 775,316 | 1,033,816 |
| Interdistrict | 1,389,269 | - | - | - | 1,389,269 |
| Intermediate | 58,274 | - | - | - | 58,274 |
| State | 37,823,048 | - | - | 47,548 | 37,870,596 |
| Federal | 3,041,273 | - | - | 2,805,803 | 5,847,076 |
| Other | 411,645 | - | - | - | 411,645 |
| Total revenues | 65,941,559 | 4,458,271 | 17,183 | 3,990,447 | 74,407,460 |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Regular instruction | 29,223,192 | - | 884,405 | 8,784 | 30,116,381 |
| Vocational instruction | 2,207,297 | - | 17,065 | 350 | 2,224,712 |
| Special instruction | 8,256,306 | - | - | - | 8,256,306 |
| Other instruction | 2,218,763 | - | 9,182 | 265,502 | 2,493,447 |
| Total instruction | 41,905,558 | - | 910,652 | 274,636 | 43,090,846 |
| Support services: | | | | | |
| Pupil services | 3,452,863 | - | 2,065 | 1,689 | 3,456,617 |
| Instructional staff services | 3,075,365 | - | 266,645 | 256 | 3,342,266 |
| General administration services | 1,804,129 | - | - | 5,876 | 1,810,005 |
| Building administration services | 3,135,397 | - | - | 372,600 | 3,507,997 |
| Business services | 734,234 | - | - | - | 734,234 |
| Operations and maintenance | 6,348,142 | - | 9,537,230 | 167,038 | 16,052,410 |
| Pupil transportation | 3,906,948 | - | - | - | 3,906,948 |
| Food services | - | - | - | 2,224,236 | 2,224,236 |
| Central services | 164,971 | - | - | - | 164,971 |
| Insurance | 420,557 | - | - | - | 420,557 |
| Debt services: | | | | | |
| Principal | 123,436 | 12,060,000 | - | - | 12,183,436 |
| Interest | 105,752 | 2,330,168 | - | - | 2,435,920 |
| Bond issuance costs | 21,693 | - | - | - | 21,693 |
| Other support services | 1,199,388 | - | 14,820 | 212,404 | 1,426,612 |
| Community service | - | - | - | 43,989 | 43,989 |
| Total support services | 24,492,875 | 14,390,168 | 9,820,760 | 3,028,088 | 51,731,891 |
| Total expenditures | 66,398,433 | 14,390,168 | 10,731,412 | 3,302,724 | 94,822,737 |

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

Year Ended June 30, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|-----------------|-------------------------|-----------------------------|--------------------------------|--------------------------------|
| Excess of revenues over (under) expenditures | \$ (456,874) | \$ (9,931,897) | \$ (10,714,229) | \$ 687,723 | \$ (20,415,277) |
| Other financing sources: | | | | | |
| Transfers in | 5,585,284 | - | - | - | 5,585,284 |
| Transfers out | (5,585,284) | - | - | - | (5,585,284) |
| Proceeds from sale of capital assets | 536,810 | - | - | - | 536,810 |
| Net other financing sources (uses) | 536,810 | - | - | - | 536,810 |
| Net change in fund balances | 79,936 | (9,931,897) | (10,714,229) | 687,723 | (19,878,467) |
| Fund balances - Beginning of year, as restated | 6,608,679 | 11,504,684 | 12,251,133 | 2,412,101 | 32,776,597 |
| Fund balances - End of year | \$ 6,688,615 | \$ 1,572,787 | \$ 1,536,904 | \$ 3,099,824 | \$ 12,898,130 |

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, 2021

Total net change in fund balances - Governmental funds \$ (19,878,467)

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

The acquisition of capital assets is 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 expense in the statement of activities.

| | |
|--|---------------|
| Capital outlays reported in governmental fund statements | \$ 12,277,134 |
| Depreciation expense reported in statement of activities | (1,690,892) |

| | |
|--|------------|
| Amount by which depreciation is less than capital outlay in the current period | 10,586,242 |
|--|------------|

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 | 192,877 |
| Change in net pension asset - WRS | 5,807,163 |
| Change in net pension liability - WRS | - |
| Change in net OPEB liability - District OPEB plan | (588,033) |
| Changes in net OPEB liability - LRLIF | 1,557,781 |
| Change in deferred outflows of resources related to pensions - District pension plan | (71,765) |
| Change in deferred outflows of resources related to pensions - WRS | 5,190,934 |
| Change in deferred outflows of resources related to OPEB - District OPEB plan | (118,718) |
| Change in deferred outflows of resources related to OPEB - LRLIF | 303,665 |
| Change in deferred inflows of resources related to pensions - District pension plan | 136,638 |
| Change in deferred inflows of resources related to pensions - WRS | (7,702,783) |
| Change in deferred inflows of resources related OPEB - District OPEB plan | 984,488 |
| Change in deferred inflows of resources related to OPEB - LRLIF | 7,384 |

| | |
|---|-----------|
| Amounts paid are more than amounts earned | 5,699,631 |
|---|-----------|

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 | (194,489) |
|--|-----------|

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

| | |
|---|------------|
| The amount of long-term debt principal payments in the current year | 12,183,436 |
|---|------------|

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, 2021

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 | \$ (672,420) |
|---|--------------|

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 | \$ 2,330,169 |
| The amount of interest accrued during the current period | (2,312,437) |

| | |
|--|--------|
| Interest paid is more than interest accrued by | 17,732 |
|--|--------|

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 | 150,755 |
|-------------------|---------|

| | |
|---|---------------------|
| Change in net position - Governmental activities | \$ 7,892,420 |
|---|---------------------|

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Fiduciary Funds - Statement of Net Position

June 30, 2021

| | Employee Benefit Trust |
|---|---------------------------------------|
| <hr/> | |
| Assets: | |
| Cash and investments | \$ 10,176,590 |
| Due from other funds | 1,302,735 |
| <hr/> | |
| TOTAL ASSETS | \$ 11,479,325 |
| <hr/> | |
| Liabilities: | |
| Due to other funds | \$ 1,824,146 |
| <hr/> | |
| TOTAL LIABILITIES | 1,824,146 |
| <hr/> | |
| Net position: | |
| Restricted for pension | 1,645,836 |
| Restricted for OPEB | 8,009,343 |
| <hr/> | |
| TOTAL NET POSITION | 9,655,179 |
| <hr/> | |
| TOTAL NET POSITION AND LIABILITIES | \$ 11,479,325 |
| <hr/> | |

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Fiduciary Funds - Statement of Changes in Net Position

Year Ended June 30, 2021

| | Employee Benefit Trust |
|-----------------------------------|-----------------------------------|
| Additions: | |
| Employer contributions | \$ 2,990,786 |
| Retiree contributions | 12,735 |
| Interest | 28,941 |
| Total additions | 3,032,462 |
| Deductions: | |
| Pension benefits | 405,911 |
| OPEB benefits | 1,415,019 |
| Total deductions | 1,820,930 |
| Net increase in net position | 1,211,532 |
| Net position - Beginning of year | 8,443,647 |
| Net position - End of year | \$ 9,655,179 |

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)

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.
- 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.
- 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.

The District reports the following nonmajor governmental funds:

- 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.
- 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.

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.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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.

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.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property Tax Levy (Continued)

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 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. 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 November 23, 2021, which is the date the financial statements were available to be issued.

Adoption of GASB Pronouncements

During the fiscal year ended June 30, 2021, the District implemented the following GASB Pronouncements:

GASB Statement No. 84, Fiduciary Activities: As of July 1, 2020, the District implemented GASB Statement No. 84. This Statement establishes new criteria for identifying fiduciary activities that are reported in the fiduciary funds. This Statement also revised the definition and terminology used for activities that were previously classified as agency funds. The District has reclassified its extracurricular funds and scholarship funds as special revenue funds using the GASB Statement No. 84 definitions. The implementation of these statements resulted in the beginning net position of the governmental activities and fiduciary activities as well as beginning fund balance of the other governmental funds to be restated. See Note 18 for more information.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 2: 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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 3: 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, 2021, \$629,068 of the District's bank balance of \$5,412,182 was exposed to custodial credit risk.

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.

The District's cash and investment balances at June 30, 2021, were as follows:

| | Maturities | Fair Value |
|---|-------------------|-------------------|
| WISC Investment Series | <1 year | \$ 17,154,160 |
| WISC Limited Term Duration | <1 year | 5,934,200 |
| Total investments | | 23,088,360 |
| Net cash deposits with financial institutions carrying amount | | 4,812,425 |
| Less - Cash and investments held by fiduciary funds | | (10,176,590) |
| Cash and investments reported on statement of net position | | \$ 17,724,195 |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 3: Cash and Investments (Continued)

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, 2021:

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

Note 4: 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, 2021, was as follows:

| <i>Description</i> | Balance 07/01/20 | Issued | Redeemed | Balance 06/30/21 |
|--|-----------------------------|---------------------|-----------------------|-----------------------------|
| Tax and revenue anticipation promissory notes: | | | | |
| U.S. Bank National Association 3.00% note | \$ 3,000,000 | \$ - | \$ (3,000,000) | \$ - |
| U.S. Bank National Association 3.00% note | - | 6,400,000 | - | 6,400,000 |
| Totals | \$ 3,000,000 | \$ 6,400,000 | \$ (3,000,000) | \$ 6,400,000 |

Interest on short-term notes for the year totaled \$79,400.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 5: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2021, were as follows:

| <i>Due From:</i> | Due To: | | |
|------------------------------|-------------------------|---|--------------|
| | General Fund | Employee Benefit Trust Funds | Total |
| General Fund | \$ - | \$ 1,302,735 | \$ 1,302,735 |
| Special Revenue Fund | 57,792 | - | 57,792 |
| Employee Benefit Trust Funds | 1,824,146 | - | 1,824,146 |
| Totals | \$ 1,881,938 | \$ 1,302,735 | \$ 3,184,673 |

The purpose of the interfund receivables between the Employee Benefit Trust Fund and the General Fund are to record contributions to the Employee Benefit Trust Fund made after the end of the fiscal year. The interfund receivable 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 6: Capital Assets

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,022,789 | \$ - | \$ (14,244) | \$ 1,008,545 |
| Construction in progress | 51,952,136 | 10,778,565 | (19,709,655) | 43,021,046 |
| Total capital assets not being depreciated | 52,974,925 | 10,778,565 | (19,723,899) | 44,029,591 |
| Capital assets being depreciated: | | | | |
| Land improvements | 4,552,092 | 208,111 | (12,653) | 4,747,550 |
| Buildings and building improvements | 46,899,442 | 20,479,413 | (2,059,972) | 65,318,883 |
| Furniture and equipment | 6,944,446 | 520,699 | (458,544) | 7,006,601 |
| Total capital assets being depreciated | 58,395,980 | 21,208,223 | (2,531,169) | 77,073,034 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (2,790,052) | (151,060) | 5,694 | (2,935,418) |
| Buildings and building improvements | (26,128,088) | (1,292,742) | 1,460,689 | (25,960,141) |
| Furniture and equipment | (5,453,732) | (247,091) | 406,610 | (5,294,213) |
| Total accumulated depreciation | (34,371,872) | (1,690,893) | 1,872,993 | (34,189,772) |
| Total capital assets, being depreciated - Net of accumulated depreciation | 24,024,108 | 19,517,330 | (658,176) | 42,883,262 |
| Governmental activities capital assets - Net | \$ 76,999,033 | \$ 30,295,895 | \$(20,382,075) | \$ 86,912,853 |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 6: Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

| | |
|---|--------------|
| Regular instruction | \$ 58,265 |
| Vocational instruction | 15,911 |
| General administration services | 29,498 |
| Operations and maintenance of plant | 336,323 |
| Facilities acquisition and remodeling | 40,495 |
| School food service program | 35,072 |
| Pupil transportation services | 9,545 |
| Central services | 15,392 |
| Depreciation not charged to a specific function | 1,150,392 |
| <hr/> | |
| Total depreciation for governmental activities | \$ 1,690,893 |

Note 7: Long-Term Obligations

Long-term obligations of the District are as follows:

| | Balance 07/01/20 | Additions | Reductions | Balance 06/30/21 | Amounts Due Within One Year |
|--------------------------|---------------------|------------|---------------|---------------------|-----------------------------------|
| G.O. Refunding Bonds | \$ 60,450,000 | \$ - | \$ 2,060,000 | \$ 58,390,000 | \$ 2,075,000 |
| Plus unamortized premium | 2,675,522 | - | 150,755 | 2,524,767 | - |
| Bond anticipation note | 10,000,000 | - | 10,000,000 | - | - |
| <hr/> | | | | | |
| Subtotals | 73,125,522 | - | 12,210,755 | 60,914,767 | 2,075,000 |
| <hr/> | | | | | |
| Capital leases | 175,707 | - | 123,436 | 52,271 | 46,181 |
| Compensated absences | 1,417,987 | 348,576 | 154,087 | 1,612,476 | 403,119 |
| <hr/> | | | | | |
| Totals | \$ 74,719,216 | \$ 348,576 | \$ 12,488,278 | \$ 62,579,514 | \$ 2,524,300 |

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 capital leases will be made by the General Fund.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 7: 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, 2021, is comprised of the following individual issues:

| | Governmental Activities | | | Balance 06/30/20 |
|---------------------------------------|--------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Issue Dates | Interest Rates % | Dates of Maturity | |
| G.O. Refunding Bond | 8/14/2018 | 2.5%-5% | 9/1/2038 | \$ 49,705,000 |
| G.O. Refunding Bond | 5/13/2020 | 3%-5% | 3/1/2040 | 8,685,000 |
| Total general obligation debt* | | | | \$ 58,390,000 |

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue was \$3,704,562,586. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

| | |
|---|----------------|
| Legal debt limit (10% of \$3,704,562,586) | \$ 370,456,259 |
| Deduct: | |
| Long-term debt* applicable to debt margin | 58,390,000 |
| Add: | |
| Debt service fund assets available | 1,572,787 |
| <hr/> | |
| Margin of indebtedness | \$ 313,639,046 |

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2021, are as follows:

| Governmental Activities | | | |
|--------------------------------|----------------------|----------------------|----------------------|
| Year Ended June 30: | Principal | Interest | Totals |
| 2022 | \$ 2,075,000 | \$ 2,245,475 | \$ 4,320,475 |
| 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 |
| 2027-2031 | 14,155,000 | 7,499,625 | 21,654,625 |
| 2032-2036 | 17,045,000 | 4,676,875 | 21,721,875 |
| 2037-2040 | 15,880,000 | 1,258,800 | 17,138,800 |
| <hr/> | | | |
| Totals | \$ 58,390,000 | \$ 23,743,925 | \$ 82,133,925 |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 8: Operating Leases

The District leases certain classroom space from the State of Wisconsin Department of Health Services under an operating lease. The lease expires June 30, 2021. The total amount included in expense for rental of the space for 2020-2021 was \$171,579.

Note 9: Capital Leases

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

| | 2021 |
|---------------------------------|------------------|
| Furniture and equipment | \$ 301,200 |
| Less - Accumulated amortization | (258,092) |
| Total | \$ 43,108 |

Lease amortization is included in depreciation expense.

Future minimum payments, by year and in the aggregate, under the capital lease with initial or remaining terms in excess of one year consisted of the following:

| | Capital Lease |
|--|--------------------------|
| 2022 | \$ 47,380 |
| 2023 | 6,394 |
| Total minimum lease payments | 53,774 |
| Amount representing interest | (1,503) |
| Present value of net minimum lease payments | 52,271 |
| Less - Current maturities | 46,181 |
| Long-term obligations under capital lease | \$ 6,090 |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: 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 <http://etf.wi.gov/publications/cafr.htm>.

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 10: 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> |
|-------------|-------------------------------------|---|
| 2011 | (1.2)% | 11.0 % |
| 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 | 0.0 % | (10.0)% |
| 2020 | 1.7 % | 21.0 % |

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 \$2,065,646 in contributions from the employer.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Contributions (Continued)

Contribution rates as of June 30, 2021, are as follows:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General (including teachers, executives, and elected officials) | 6.75% | 6.75% |
| Protective with Social Security | 6.75% | 11.75% |
| Protective without Social Security | 6.75% | 16.35% |

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

At June 30, 2021, the District reported an asset of \$11,959,344 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. 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, 2020, the District's proportion was 0.19155981%, which was an increase of 0.00076235% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$(1,229,668).

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

At June 30, 2021, 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 | \$ 17,308,843 | \$ 3,728,293 |
| Net differences between projected and actual earnings on pension plan investments | - | 22,452,695 |
| Change in assumptions | 271,261 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 14,414 | 20,914 |
| Employer contributions subsequent to the measurement date | 839,990 | - |
| Total | \$ 18,434,508 | \$ 26,201,902 |

\$839,990 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, 2022. 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 |
|---------------------------|---|
| 2022 | \$ (2,225,152) |
| 2023 | (596,018) |
| 2024 | (4,065,668) |
| Thereafter | (1,720,546) |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--------------------------------|
| Actuarial valuation date | December 31, 2019 |
| Measurement date of net pension liability (asset) | December 31, 2020 |
| Actuarial cost method | Entry age |
| Asset valuation method | Fair value |
| Long-term expected rate of return | 7.0% |
| Discount rate | 7.0% |
| Salary increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality | Wisconsin 2018 Mortality Table |
| Postretirement adjustments* | 1.9% |

**No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based on an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020, is based on a rollforward of the liability calculated from the December 31, 2019, actuarial valuation.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: 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 arithmetic 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, 2020

| Asset Class | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------|--------------------|---|--|
| Core fund: | | | |
| Global equities | 51.0% | 7.2% | 4.7% |
| Fixed income | 25.0% | 3.2% | 0.8% |
| Inflation sensitive assets | 16.0% | 2.0% | (0.4)% |
| Real estate | 8.0% | 5.6% | 3.1% |
| Private equity/debt | 11.0% | 10.2% | 7.6% |
| Multi-asset | 4.0% | 5.8% | 3.3% |
| Total core fund | 115.0% | 6.6% | 4.1% |
| Variable fund: | | | |
| U.S. equities | 70.0% | 6.6% | 4.1% |
| International equities | 30.0% | 7.4% | 4.9% |
| Total variable fund | 100.0% | 7.1% | 4.6% |

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4%

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 7.00% was used to measure the total pension liability for the current and the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (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, 2020. 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 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 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.

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 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

| | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase to Discount Rate (8.00%) |
|---|---|--|---|
| District's proportionate share of the net pension liability (asset) | \$ 11,383,638 | \$ (11,959,344) | \$(29,104,591) |

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, 2021, the District reported a payable of \$255,152 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11: 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 152 active plan members, 47 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 3. For June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.35%. 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 11: District Pension Plan and Benefits (Continued)

The components of the net pension liability of the District at June 30, 2021, were as follows:

| | |
|-----------------------------|--------------|
| Total pension liability | \$ 2,815,483 |
| Plan fiduciary net position | (1,645,836) |
| <hr/> | |
| Net pension liability | \$ 1,169,647 |
| <hr/> | |

| | |
|--|--------|
| Plan fiduciary net position as a percentage of the total pension liability | 58.5 % |
|--|--------|

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2019 and rolled forward to June 30, 2021. The actuarial assumptions included an inflation rate of 2.00% 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, 2019, 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, 2021, (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 11: District Pension Plan and Benefits (Continued)

Changes in the net pension liability (asset) for the year ended June 30, 2021, 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, 2020 | \$ 3,007,385 | \$ 1,644,861 | \$ 1,362,524 |
| Changes for the year: | | | |
| Service cost | 149,230 | - | 149,230 |
| Interest | 64,779 | - | 64,779 |
| Changes in assumptions or other input | - | - | - |
| Contributions - Employer | - | 405,911 | (405,911) |
| Net investment income | - | 975 | (975) |
| Benefit payments | (405,911) | (405,911) | - |
| Net changes | (191,902) | 975 | (192,877) |
| Balances at June 30, 2021 | \$ 2,815,483 | \$ 1,645,836 | \$ 1,169,647 |

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 | \$ 1,332,789 | \$ 1,169,647 | \$ 1,010,279 |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11: District Pension Plan and Benefits (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$7,191,074. At June 30, 2021, 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 | \$ 280,718 | \$ 243,101 |
| Changes of assumptions | 169,576 | 15,409 |
| Net difference between projected and actual earnings on pension plan investments | - | 25,972 |
| Totals | \$ 450,294 | \$ 284,482 |

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 |
|---------------------|--|
| 2022 | \$ (22,635) |
| 2023 | (17,952) |
| 2024 | 48,230 |
| 2025 | 57,961 |
| 2026 | 50,755 |
| Thereafter | 49,453 |

At June 30, 2021, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description

The Local Retiree Life Insurance Fund (LRLIF) is a cost-sharing 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 postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found online at <http://etf.wi.gov/publications/cafr.htm>.

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 postretirement benefit.

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

Contribution rates as of June 30, 2021, are as follows:

| <u>Coverage Type</u> | <u>Employer Contribution</u> |
|-----------------------------|------------------------------|
| 50% postretirement coverage | 40% of employee contribution |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: 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 employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2020, are as follows:

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

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

During the reporting period, the LRLIF recognized \$8,329 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, 2021, the District reported a liability of \$2,297,613 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of January 1, 2020, rolled forward to December 31, 2020. 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, 2020, the District's proportion was 0.41769300%, which was an increase of 0.01621300% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$285,477.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

At June 30, 2021, 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 | \$ - | \$ 109,634 |
| Net differences between projected and actual earnings on pension plan investments | 33,450 | - |
| Change in assumptions | 893,804 | 157,647 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 67,171 | 44,726 |
| Employer contributions subsequent to the measurement date | 4,207 | - |
| Total | \$ 998,632 | \$ 312,007 |

\$4,207 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 |
|---------------------------|---|
| 2022 | \$ 127,745 |
| 2023 | 124,128 |
| 2024 | 120,401 |
| 2025 | 106,258 |
| 2026 | 135,337 |
| 2027 | - |
| Thereafter | 68,549 |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial valuation date | January 1, 2020 |
| Measurement date of net OPEB liability (asset) | December 31, 2020 |
| Actuarial cost method | Entry age normal |
| 20 year tax-exempt municipal bond yield | 2.12% |
| Long-term expected rate of return | 4.25% |
| Discount rate | 2.25% |
| Salary increases: | |
| Inflation | 3.00 |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experienced study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 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 carrier's 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 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2020

| Asset Class | Index | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|-----------------------------------|-----------------|--------------------------|---|
| U.S. Credit bonds | Barclays Credit | 50 % | 1.47 % |
| U.S. Mortgages | Barclays MBS | 50 % | 0.82 % |
| Inflation | | | 2.20 % |
| Long-term expected rate of return | | | 4.25 % |

The long-term expected rate of return remained the same from the prior year. The expected inflation rate also remained the same from the prior year. 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.

Single Discount Rate: A single discount rate of 2.25% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. 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 12: 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 2.25%, 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 (1.25%) 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 proportionate share of the net OPEB liability (asset) | \$ 3,125,411 | \$ 2,297,613 | \$ 1,671,574 |

Note 13: 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 436 active plan members, 67 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 13: 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 3. Currently the plan is invested in WISC funds. For June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 0.35%. 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, 2021, were as follows:

| | |
|---|---------------------|
| Total OPEB liability | \$ 15,200,417 |
| Plan fiduciary net position | <u>(8,009,343)</u> |
| Net OPEB liability | <u>\$ 7,191,074</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 52.69 % |

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2021. The actuarial assumptions included an inflation rate of 2.00% 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 7.50% decreasing by 0.50% per year down to 6.50%, then 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, 2021, (see discussion of the 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 % |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: 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, 2021, 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, 2020 | \$ 15,547,641 | \$ 6,798,786 | \$ 8,748,855 |
| Changes for the year: | | | |
| Service cost | 712,993 | - | 712,993 |
| Interest | 342,067 | - | 342,067 |
| Changes in assumptions or other input | - | - | - |
| Contributions - Employee | - | 2,584,875 | (2,584,875) |
| Net investment income | - | 27,966 | (27,966) |
| Benefit payments | (1,402,284) | (1,402,284) | - |
| Net changes | (347,224) | 1,210,557 | (1,557,781) |
| Balances at June 30, 2021 | \$ 15,200,417 | \$ 8,009,343 | \$ 7,191,074 |

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 | \$ 8,079,604 | \$ 7,191,074 | \$ 6,324,579 |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Other Postemployment Benefits (Continued)

The following represents the District's net OPEB liability calculated using the health care cost trend rate of 7.5% 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 (6.5% decreasing to 4.0%) or 1 percentage point higher (8.5% decreasing to 6.0%) than the current rate:

| | 1% Decrease (6.5% decreasing to 4.0%) | Health Care Cost Trend Rates (7.5% decreasing to 5.0%) | 1% Increase to (8.5% decreasing to 6.0%) |
|-------------------------------|---|--|--|
| District's net OPEB liability | \$ 5,815,009 | \$ 7,191,074 | \$ 8,773,883 |

For the year ended June 30, 2021, the District recognized OPEB expense of \$161,324. At June 30, 2021, 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 | \$ - | \$ 6,075,721 |
| Changes of assumptions or other input | 1,006,497 | 440,615 |
| Net difference between projected and actual earnings on OPEB plan investments | 285,106 | - |
| Totals | \$ 1,291,603 | \$ 6,516,336 |

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 |
|---------------------|--|
| 2022 | \$ (727,460) |
| 2023 | (778,367) |
| 2024 | (802,468) |
| 2025 | (827,583) |
| 2026 | (855,246) |
| Thereafter | (1,233,609) |

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Other Postemployment Benefits (Continued)

At June 30, 2021, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

Note 14: 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 2021.

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 \$110,000 up to unlimited per individual and claims in excess of \$10,999,873.

At June 30, 2021, the District has recorded a \$1,708,481 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, 2021.

| | 2021 | 2020 |
|------------------------------------|--------------|--------------|
| Unpaid claims at beginning of year | \$ 1,708,481 | \$ 1,708,481 |
| Current year claims | (8,625,113) | (9,803,336) |
| Claim payments | 8,625,113 | 9,803,336 |
| Totals | \$ 1,708,481 | \$ 1,708,481 |

Note 15: 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 \$150,938 of education services during the fiscal year. At June 30, 2021, due to/from other governments included \$30,763 for CESA.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 16: Related Parties

The District maintains investments with the Wisconsin Investment Series Cooperative (WISC) in the amount of \$23,088,361. The Business Manager of the District is also the WISC Chairman. The District invests funds throughout the year with WISC (see Note 3).

Note 17: Outstanding Contractual Commitments

During the year, the District entered into several contracts with a construction contractor for the projects at Chippewa Falls Middle School, and Chippewa Falls High School. Contracted amounts unspent with Miron Construction Co., Inc. at June 30, 2021, was \$369,975. Contracted amounts unspent with ATS&R Architecture at June 30, 2021, was \$155,788.

Note 18: Prior Year Restatement

As a result of implementing GASB Statement No. 84, the governmental activities and other governmental funds beginning fund balance was restated as follows:

| | Governmental Activities | Other Governmental Funds |
|---|----------------------------|--------------------------------|
| Balance at December 31, 2020 as previously reported | \$ 17,306,366 | \$ 1,966,590 |
| Adoption of GASB Statement No. 84 adjustment | 445,511 | 445,511 |
| Balance at December 31, 2020 as restated | \$ 17,751,877 | \$ 2,412,101 |

Required Supplementary Information

Chippewa Falls Area Unified School District

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2021

| | Budgeted Amounts | | Actual on Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------------------|-------------------|-------------------|---------------------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Local | \$ 23,415,731 | \$23,415,731 | \$23,218,050 | \$ (197,681) |
| Interdistrict | 1,325,000 | 1,325,000 | 1,389,269 | 64,269 |
| Intermediate | 33,057 | 33,057 | 33,663 | 606 |
| State | 35,846,500 | 35,846,500 | 35,520,646 | (325,854) |
| Federal | 2,038,387 | 2,038,387 | 1,823,313 | (215,074) |
| Other | 480,000 | 480,000 | 405,124 | (74,876) |
| Total revenues | 63,138,675 | 63,138,675 | 62,390,065 | (748,610) |
| Expenditures: | | | | |
| Instruction: | | | | |
| Undifferentiated curriculum | 15,596,642 | 15,596,642 | 15,180,205 | 416,437 |
| Regular curriculum | 9,956,513 | 9,956,513 | 9,867,857 | 88,656 |
| Vocational instruction | 2,308,948 | 2,308,948 | 2,207,297 | 101,651 |
| Physical curriculum | 1,561,156 | 1,561,156 | 1,508,986 | 52,170 |
| Co-curricular activities | 821,144 | 821,144 | 704,777 | 116,367 |
| Gifted and talented | 1,407,030 | 1,407,030 | 1,170,735 | 236,295 |
| Total instruction | 31,651,433 | 31,651,433 | 30,639,857 | 1,011,576 |
| Support services: | | | | |
| Pupil services | 2,538,029 | 2,538,029 | 2,494,666 | 43,363 |
| Instructional staff services | 3,188,525 | 3,188,525 | 2,820,795 | 367,730 |
| General administration services | 1,831,099 | 1,831,099 | 1,803,629 | 27,470 |
| Building administration services | 3,304,544 | 3,304,544 | 3,135,397 | 169,147 |
| Business services | 9,995,594 | 9,995,594 | 10,205,493 | (209,899) |
| Central services | 133,445 | 133,445 | 164,971 | (31,526) |
| Insurance | 398,100 | 398,100 | 420,557 | (22,457) |
| Debt service | 227,454 | 227,454 | 250,881 | (23,427) |
| Other support services | 1,130,013 | 1,130,013 | 1,149,311 | (19,298) |
| Total support services | 22,746,803 | 22,746,803 | 22,445,700 | 301,103 |
| Non-program transactions: | | | | |
| Purchased instructional services | 2,892,600 | 2,892,600 | 4,175,129 | (1,282,529) |
| Other nonprogram transactions | - | - | 969 | (969) |
| Total non-program transactions | 2,892,600 | 2,892,600 | 4,176,098 | (1,283,498) |
| Total expenditures | 57,290,836 | 57,290,836 | 57,261,655 | 29,181 |

Chippewa Falls Area Unified School District

Budgetary Comparison Schedule - General Fund (Continued)

Year Ended June 30, 2021

| | Original | Final | Actual on Budgetary Basis | Enter Text (Negative) |
|--------------------------------------|--------------|--------------|---------------------------------|--------------------------|
| Excess of revenues over expenditures | \$ 5,847,839 | \$ 5,847,839 | \$ 5,128,410 | \$ (719,429) |
| Other financing sources (uses): | | | | |
| Transfers out | (6,077,839) | (6,077,839) | (5,585,284) | 492,555 |
| Proceeds from sale of capital assets | 230,000 | 230,000 | 536,810 | 306,810 |
| Net other financing sources (uses) | (5,847,839) | (5,847,839) | (5,048,474) | 799,365 |
| Net change in fund balance | - | - | 79,936 | 79,936 |
| Fund balance - Beginning of year | 6,608,679 | 6,608,679 | 6,608,679 | - |
| Fund balance - End of year | \$ 6,608,679 | \$ 6,608,679 | \$ 6,688,615 | \$ 79,936 |

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, 2021

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, 2021

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 | \$ 62,390,065 | \$ 3,551,493 | \$ 65,941,558 |
| Expenditures | (57,261,655) | (9,136,777) | (66,398,432) |
| Other financing sources (uses) | (5,048,474) | 5,585,284 | 536,810 |
| Net change in fund balance | \$ 79,936 | \$ - | \$ 79,936 |

Note 3: Excess of Expenditures Over Appropriations

For the year ended June 30, 2021, the General Fund had expenditures in excess of appropriations for the following two-digit subfunction categories:

| | Budget | Actual | Actual Over Budget |
|----------------------------------|---------------|---------------|-------------------------------|
| Business Services | \$ 9,995,594 | \$ 10,205,493 | \$ 209,899 |
| Central services | 133,445 | 164,971 | 31,526 |
| Insurance | 398,100 | 420,557 | 22,457 |
| Debt service | 227,454 | 250,881 | 23,427 |
| Other support services | 1,130,013 | 1,149,311 | 19,298 |
| Purchased instructional services | 2,892,600 | 4,175,129 | 1,282,529 |
| Other nonprogram transactions | - | 969 | 969 |

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 |
|----------------------------------|---|---|----------------------------------|--|--|
| 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 |
|------------------------|--|---|--|--|--|
| 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 |

Notes to the Schedules:

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

Changes of assumptions: No significant change in assumptions were noted from the previous year

*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 Pension

Liability and Related Ratios - District Pension Plan

Last 10 Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Measurement date | 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 | \$ 149,230 | \$ 145,248 | \$ 139,498 | \$ 177,197 | \$ 168,581 | \$ 168,581 | \$ 212,624 |
| Interest on the total pension liability | 64,779 | 108,144 | 119,712 | 99,710 | 108,015 | 129,105 | 128,482 |
| Differences between expected and actual experience | - | (189,086) | - | 467,866 | - | (384,149) | - |
| Changes of assumptions on other inputs | - | 134,331 | 47,834 | 7,425 | 49,789 | (61,645) | - |
| Benefit payments | (405,911) | (416,939) | (407,874) | (371,875) | (352,583) | (476,013) | (618,419) |
| Net change in total pension liability | (191,902) | (218,302) | (100,830) | 380,323 | (26,198) | (624,121) | (277,313) |
| Total pension liability - Beginning | 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 | \$ 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 | \$ 405,911 | \$ - | \$ - | \$ 1,000,000 | \$ 850,000 | \$ - | \$ - |
| Net investment income | 975 | 34,471 | 50,656 | 16,979 | 5,155 | 630 | 186 |
| Benefit payments, including refunds of employee contributions | (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 | 975 | 1,842,009 | (357,218) | 645,104 | 502,572 | (475,383) | (618,233) |
| Plan fiduciary net position - Beginning | 1,644,861 | (197,148) | 160,070 | (485,034) | (987,606) | (512,223) | 106,010 |
| Plan fiduciary net position - Ending | \$ 1,645,836 | \$ 1,644,861 | \$ (197,148) | \$ 160,070 | \$ (485,034) | \$ (987,606) | \$ (512,223) |
| District's net pension liability - Ending | \$ 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*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
| Plan fiduciary net position as a percentage of the total pension liability | 58.5% | 54.7 % | (6.11)% | 4.81 % | (16.46)% | (33.23)% | (14.24)% |
| Covered payroll | \$ 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 | 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*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|---------------|---------------|---------------|--------------|---------------|---------------|
| Actuarially determined contribution | \$ 374,823 | \$ 181,822 | \$ 893,089 | \$ 867,077 | \$ 949,424 | \$ 315,973 | \$ 314,710 |
| Contributions in relation to the actuarially determined contribution | 405,911 | - | - | 1,000,000 | 850,000 | - | - |
| Contribution deficiency (excess) | \$ (31,088) | \$ 181,822 | \$ 893,089 | \$ (132,923) | \$ 99,424 | \$ 315,973 | \$ 314,710 |
| Covered payroll | \$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 | 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*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------|--------|--------|--------|--------|------|------|
| Annual money-weighted rate of return, net of investment expense | .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, 2021

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, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| 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 | 5 years | 5 years |
| Asset valuation method: | Market value | Market value | Market value | Market value |
| Inflation: | 2.0% | 2.0% | 2.5% | 2.5% |
| Salary increases: | 3.0% | 3.0% | 3.0% | 3.0% |
| Investment rate of return: | 2.25% | 2.25% | 3.5% | 3.75% |
| Retirement age: | WRS 2018 | WRS 2018 | WRS 2015 | WRS 2015 |
| | mortality table | mortality table | mortality table | mortality table |
| Mortality: | WRS 2018 | WRS 2018 | WRS 2015 | WRS 2015 |
| | mortality table | mortality table | mortality table | mortality table |

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

Notes to the Schedules:

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

Changes of assumptions: Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to Note 12.

*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*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|
| Measurement date | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
| Total OPEB liability: | | | | | |
| Service cost | \$ 712,993 | \$ 722,221 | \$ 692,064 | \$ 1,131,968 | \$ 1,131,968 |
| Interest | 342,067 | 595,930 | 632,969 | 831,146 | 820,461 |
| Employee contributions | - | - | - | - | 21,430 |
| Differences between expected and actual experience | - | (3,047,029) | - | (6,063,495) | - |
| Changes of assumptions or other input | - | 1,017,973 | 274,453 | (734,359) | - |
| Benefit payments including refunds of member contributions | (1,402,284) | (813,82) | (2,120,434) | (1,505,983) | (1,809,702) |
| Net change in total OPEB liability | (347,224) | (1,524,729) | (520,948) | (6,340,723) | 164,157 |
| Total OPEB liability - Beginning | 15,547,641 | 17,072,370 | 17,593,318 | 23,934,041 | 23,769,884 |
| Total OPEB liability - Ending | \$ 15,200,417 | \$ 15,547,641 | \$ 17,072,370 | \$ 17,593,318 | \$ 23,934,041 |
| Plan fiduciary net position: | | | | | |
| Contributions - Employer | \$ 2,584,875 | \$ 875,786 | \$ 1,100,000 | \$ 1,074,786 | \$ 21,430 |
| Net investment income | 27,966 | 182,750 | 219,598 | 110,920 | 40,871 |
| Benefit payments, including refunds of employee contributions | (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 | 1,210,557 | (1,979,765) | (800,836) | (320,277) | (1,747,401) |
| Plan fiduciary net position - Beginning | 6,798,786 | 8,778,551 | 9,579,387 | 9,899,664 | 11,647,065 |
| Plan fiduciary net position - Ending | \$ 8,009,343 | \$ 6,798,786 | \$ 8,778,551 | \$ 9,579,387 | \$ 9,899,664 |
| District's net OPEB liability - Ending | \$ 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 | 52.69 % | 43.73 % | 51.42 % | 54.45 % | 41.36 % |
| Covered-employee payroll | \$ 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 | 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*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|--------------|
| Actuarially determined contribution | \$ 2,672,363 | \$ 998,648 | \$ 1,293,837 | \$ 1,256,152 | \$ 1,527,511 |
| Contributions in relation to the actuarially determined contribution | (2,584,875) | (875,786) | (1,100,000) | (1,074,786) | (1,527,511) |
| Contribution deficiency (excess) | \$ 87,488 | \$ 122,862 | \$ 193,837 | \$ 181,366 | \$ - |
| Covered-employee payroll | \$ 26,556,100 | \$ 26,556,100 | \$ 24,716,887 | \$ 24,716,887 | \$ 9,576,851 |
| Contributions as a percentage of covered-employee payroll | 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*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|------|--------|--------|--------|--------|
| Annual money-weighted rate of return, net of investment expense | .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, 2021

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, 2021 | June 30, 2020 | June 30, 2019 |
|--------------------------------|---|---|---|
| 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: | 2.0% | 2.0% | 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 6.50%, 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% | 3.5% |
| 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 2012-2014 |
| | | | |
| Measurement Date: | June 30, 2018 | June 30, 2017 | |
| Actuarial cost method: | Entry age normal, level percent of salary | Entry age normal, level percent of salary | |
| Amortization method: | Level dollar | Level dollar | |
| Remaining amortization period: | 30 years | 30 years | |
| Asset valuation method: | Market value | Market value | |
| Inflation: | 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 | |
| Salary increases: | 3.0%, average, including inflation | 3.0%, average, including inflation | |
| Investment rate of return: | 3.75% | 3.5% | |
| Trend and retirement: | 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, 2021

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2020 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2021 | Amount Provided to Subrecipients |
|---|-------------------------|---|--|------------------|--------------|---|--|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| Child Nutrition Cluster: | | | | | | | |
| COVID-19- National School Lunch Program (Non-Cash Assistance) July 1, 2020-June 30, 2021 | 10.555 | 2021-091092-DPI-NSL-547 | \$ - | \$ 221,356 | \$ 221,356 | \$ - | - |
| COVID-19- National School Lunch Area Eligible Snack Program July 1, 2020-June 30, 2021 | 10.555 | 2021-091092-DPI-NSLAE-566 | - | 180 | 180 | - | - |
| TOTAL 10.555 | | | - | 221,536 | 221,536 | - | - |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| COVID-19 - Summer Food Service Program July 1, 2020-June 30, 2021 | 10.559 | 2021-091092-DPI-SFSP-566 | 112,847 | 2,603,874 | 2,584,267 | 93,240 | - |
| TOTAL 10.559 | | | 112,847 | 2,603,874 | 2,584,267 | 93,240 | - |
| TOTAL CHILD NUTRITION CLUSTER | | | 112,847 | 2,825,410 | 2,805,803 | 93,240 | - |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 112,847 | 2,825,410 | 2,805,803 | 93,240 | - |

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards (Continued)

June 30, 2021

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2020 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2021 | Amount Provided to Subrecipients |
|--|-------------------------|---|--|------------------|------------------|---|--|
| U.S. DEPARTMENT OF EDUCATION | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education Grants to State July 1, 2020-June 30, 2021 | 84.027 | 2021-091092-DPI-IDEA-FT-341 | \$ 211,107 | \$ 990,852 | \$ 1,066,525 | \$ 286,780 | \$ - |
| Special Education Preschool Grants July 1, 2020-June 30, 2021 | 84.173 | 2021-091092-DPI-IDEA-P-347 | 4,536 | 15,946 | 15,408 | 3,998 | - |
| Total Special Education Cluster (IDEA) | | | 215,643 | 1,006,798 | 1,081,933 | 290,778 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| Title I Grants to Local Educational Agencies July 1, 2020-June 30, 2021 | 84.010 | 2021-091092-DPI-TIA-141 | 327,577 | 684,234 | 656,497 | 299,840 | - |
| Improving Teacher Quality State Grants July 1, 2020-June 30, 2021 | 84.367 | 2021-091092-DPI-TIIA-365 | (1,357) | 52,035 | 68,089 | 14,697 | - |
| Student Support and Academic Enrichment Grants July 1, 2020-June 30, 2021 | 84.424 | 2021-091092-DPI-TIV-A-381 | 586 | 35,208 | 36,122 | 1,500 | - |
| COVID-19 - Elementary and Secondary School Emergency Relief July 1, 2020-June 30, 2021 | 84.425D | 2021-091092-DPI-ESSERF-160 | - | 354,743 | 390,783 | 36,040 | - |

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards (Continued)

June 30, 2021

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2020 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2021 | Amount Provided to Subrecipients |
|---|-------------------------|---|--|---------------------|---------------------|---|--|
| CESA #10 Career and Technical Education - Basic Grants to States July 1, 2020-June 30, 2021 | 84.048 | N/A | \$ - | \$ - | 30,763 | \$ 30,763 | \$ - |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 542,449 | 2,133,018 | 2,264,187 | 673,618 | - |
| 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, 2020-June 2021 | 93.243 | 2021-091092-DPI-AWARE-393 | 87,607 | 368,498 | 345,140 | 64,249 | - |
| Wisconsin Department of Health Services | | | | | | | |
| Medicaid Cluster: | | | | | | | |
| Medical Assistance Program July 1, 2020-June 30, 2021 | 93.778 | N/A | 403 | 438,129 | 462,709 | 24,983 | - |
| TOTAL MEDICAID CLUSTER | | | 403 | 438,129 | 462,709 | 24,983 | - |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 88,010 | 806,627 | 807,849 | 89,232 | - |
| TOTAL FEDERAL AWARDS | | | \$ 743,306 | \$ 5,765,055 | \$ 5,877,839 | \$ 856,090 | \$ - |

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, 2021

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | State Identification Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2020 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2021 | Amount Provided to Subrecipients |
|---|-----------------------------|--|-------------------------------------|---------------|--------------|--------------------------------------|----------------------------------|
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | |
| Special Education and School Age Parents | 255.101 | | | | | | |
| District Programs | | 091092-100 | \$ - | \$ 2,216,405 | \$ 2,216,405 | \$ - | \$ - |
| Participant in Package Program CESA #10 | | N/A | - | 24,611 | 24,611 | - | - |
| Total Special Education and School Age Parents | | | - | 2,241,016 | 2,241,016 | - | - |
| State School Lunch Aid | 255.102 | 091092-107 | - | 26,506 | 26,506 | - | - |
| Common School Fund Library Aid | 255.103 | 091092-104 | - | 257,510 | 257,510 | - | - |
| Gen Trans Aid for Public and NP Sch Pupils | 255.107 | 091092-102 | - | 197,956 | 197,956 | - | - |
| Equalization Aid | 255.201 | 091092-116 | 499,435 | 30,782,267 | 30,768,998 | 486,166 | - |
| School Mental Health Programs | 255.227 | 091092-176 | - | 18,437 | 18,437 | - | - |
| State School Breakfast Aid | 255.344 | 091092-108 | - | 21,042 | 21,042 | - | - |
| Educator Effective Eval Sys Grants Public | 255.940 | 091092-154 | - | 32,160 | 32,160 | - | - |
| Alcohol and Other Drug Abuse | 255.306 | 091092-143 | 302 | 302 | 25,000 | 25,000 | - |
| Per Pupil Aid | 255.945 | 091092-113 | - | 3,727,066 | 3,727,066 | - | - |
| Supplemental Per Pupil Aid | 255.245 | 091092-181 | - | 15,264 | 15,264 | - | - |
| Career and Technical Education Incentive Grants | 255.950 | 091092-171 | - | 29,513 | 29,783 | 270 | - |
| Assessments of Reading Readiness | 255.956 | 091092-166 | - | 9,368 | 9,368 | - | - |
| Early College Program | 255.445 | 091092-178 | - | 295 | 295 | - | - |
| Transition Readiness Grant | 255.257 | 091092-174 | - | - | 52,997 | 52,997 | - |
| Aid for Special Education Transition Grant BBL | 255.960 | 091092-168 | - | 33,000 | 33,000 | - | - |
| Total Wisconsin Department of Public Instruction | | | 499,737 | 37,391,702 | 37,456,398 | 564,433 | - |

Chippewa Falls Area Unified School District

Schedule of State Financial Assistance (Continued)

Year Ended June 30, 2021

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | State Identification Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2019 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2020 | Amount provided to Subrecipients |
|--|-----------------------------------|--|--|----------------------|----------------------|---|--|
| WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT | | | | | | | |
| CESA #10 | | | | | | | |
| Chippewa Valley Youth Apprenticeship | 20.445(7)(b) | N/A | \$ - | \$ 2,900 | \$ 2,900 | \$ - | - |
| WISCONSIN DEPARTMENT OF JUSTICE | | | | | | | |
| Safety Grant | 455.206 | N/A | 195,406 | 238,732 | 43,326 | - | - |
| TOTAL State FINANCIAL ASSISTANCE | | | \$ 695,143 | \$ 37,633,334 | \$ 37,502,624 | \$ 564,433 | \$ - |

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, 2021

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, 2021. 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

2020-2021 eligible costs under the State Special Education Program were \$7,985,995.

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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chippewa Falls Area Unified School District (the "District") as of and for the year ended

June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on it.

Purpose of This Report

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



Wipfli LLP

November 23, 2021
Eau Claire, Wisconsin

Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance

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

Report on Compliance for Each Major Federal and State Program

We have audited the Chippewa Falls Area Unified School District (the "District")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 requirements of the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

November 23, 2021
Eau Claire, Wisconsin

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)

| AL Number | Name of Federal Program or Cluster |
|---|---|
| 10.553, 10.555, and 10.559 | Child Nutrition Cluster |
| 84.027 | Special Education Cluster |
| 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, 2021

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

255.201

General Equalization

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2021

II. Financial Statement Findings

2021-001: 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, 2021, 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, 2021

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 Justice 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

Dan Walker, CPA

Date

November 23, 2021

Chippewa Falls Area Unified School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

Financial Statement Findings

2020-001: Financial Accounting and Reporting - See finding 2020-001.

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.chippfalls.k12.wi.us](http://cfsd.chippfalls.k12.wi.us)

November 30, 2021

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 2021-001

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