

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

JUNE 30, 2022

SCHOOL DISTRICT OF HOLMEN

TABLE OF CONTENTS

JUNE 30, 2022

Page

3-5 Independent Auditors' Report

6-19 Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

District-Wide Financial Statements

20 Statement of Net Position

21 Statement of Activities

Fund Financial Statements

22 Balance Sheet - Governmental Funds

23 Statement of Revenue, Expenditures, and Changes in Fund Balances -
Governmental Funds

24 Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

25-42 Notes to the Basic Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION

43-45 Wisconsin Retirement System Pension Schedules

46 OPEB Healthcare Defined Benefit Plan Schedules

47 Budgetary Comparison Schedule for the General Fund - Budget and Actual

48 Notes to Required Supplementary Information on Budgetary Accounting and
Control

SUPPLEMENTARY INFORMATION

49 Combining Balance Sheets - Nonmajor Governmental Funds

50 Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances - Nonmajor Governmental Funds

SCHOOL DISTRICT OF HOLMEN

TABLE OF CONTENTS - Continued

JUNE 30, 2022

Page

SUPPLEMENTARY INFORMATION - Continued

51-52 Schedule of Expenditures of Federal Awards

53 Schedule of State Financial Assistance

OTHER REPORTS

54-55 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

56-58 Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and *State Single Audit Guidelines*

59-60 Schedule of Findings and Questioned Costs

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
School District of Holmen
Holmen, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Holmen, Wisconsin, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District of Holmen's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Holmen, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District of Holmen's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District of Holmen's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District of Holmen's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Wisconsin Retirement System Pension Schedules, OPEB Healthcare Defined Benefit Plan Schedules, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Holmen's basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* and *State Single Audit Guidelines* are presented for purposes of additional analysis and are also not a required part of the basic financial statements. The information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 of America. In our opinion, the combining and individual nonmajor fund financial statements and 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 December 2, 2022, on our consideration of School District of Holmen'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 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 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 School District of Holmen's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
December 2, 2022

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin**

MANAGEMENT'S DISCUSSION AND ANALYSIS

School District of Holmen Management's Discussion and Analysis Year ended June 30, 2022

This section of the School District of Holmen's annual Financial Statements and Independent Auditor's Report presents the District Management's discussion and analysis of the District's financial performance during the year ending June 30, 2022. In addition, it includes discussion on how these statements and report are affected by prior financial decisions and future vision of the District's finances.

While the Financial Statements and Independent Auditor's report includes detailed information on all financial activity of the District, the Management Discussion and Analysis will attempt to summarize those facts that have been determined to be most "Noteworthy Facts" (SECTION I) and the "Required Discussion and Analysis" (SECTION II).

SECTION I Noteworthy Facts

Noteworthiness for this report is determined primarily by: deviation from budget or deviation from past trends and constituency interest. Consequently, this year's Management Discussion and Analysis focus is on two topics:

- A. Budget to Actual Variances**
- B. Focus Area – Fiscal Sustainability**

A. BUDGET TO ACTUAL VARIANCES

In reviewing budget to actual variances, the following criteria have been set to determine variances that will receive further explanation here. Criteria are:

- Line item variance amounts (Final Budget to Actual) that are greater than .5% of the corresponding total budgeted fund revenue or expense amount, OR
- Line item variance amounts (Final Budget to Actual) that are greater than 10% of the corresponding budget for that line item and greater than .1% of total budgeted fund revenue or expense amount.

Based upon these criteria, the following variances, variance causes and variance reduction strategies have been identified.

The criteria the District uses to determine which variances will receive further explanation in the Management Discussion and Analysis represent high standards. These high standards are borne from the high expectations for accuracy and financial credibility in the District. Such high standards are intended to motivate the continuous improvement necessary to achieve excellence. Conversely, it should be understood that adopting criteria that exemplify such high standards are more likely to point out relatively minor deviations from perfection.

While the budgeting process is not an exact science, every attempt has been made to formulate an original budget from the best information available. Revisions to the original budget are made several times during the year. Revisions represent updates to revenue projections by local, state and federal agencies as confirmed throughout the fiscal year. Expenditure revisions are made as the actual costs associated with the following become known: capital improvement projects, enrollment driven staffing, special needs student staffing, leave benefits utilization by staff and benefits elections by staff, utility rates, fuel rates, etc.

General Fund (and Special Education Fund) (See page 47)

The District finished the fiscal year with actual revenues of \$56,543,406, which are \$1,583,660 more than actual expenditures of \$54,959,746. The budgeted surplus was \$1,645,433. The actual \$1,583,660 surplus increases the General Fund balance as of 06/30/22, bringing the total balance to \$19,153,080. Surplus was anticipated and is associated with revenue exceeding expenditures. Both revenue and expenditure actuals exceeded final budget with a combined net variance of (\$61,773). Restricted fund balance is for the operational sinking funds and committed fund balance is for retiree severance obligations. Remaining surplus is added to the assigned and unassigned general fund balances.

Budget Lines	Variance Amounts Favorable (Unfavorable)	Cause of Variances	Variance Reduction Strategies
Revenues			
Other Local	\$45,578	District received more funds than anticipated as school returned to regular operations.	Monitor revenues and adjust budgets accordingly.
Interdistrict	\$27,375	Revenue associated with special education aid transit between districts was underestimated. Special education aid transit and non-open enrollment tuition vary from year to year, making it difficult to estimate.	Monitor and adjust anticipated aid transits and non-open enrollment tuition.
Intermediate	\$17,613	The 21-22 state special education aid transited through CESAs was underestimated.	Monitor and adjust anticipated CESA aid transits.
Other	\$182,195	The budget underestimated revenue associated with prior year refunds and adjustments.	A conservative other source revenue budget will continue to be proposed due to the uncertainty of refunds.
Expenditures			
<u>Total Instruction</u> <i>(includes: Undifferentiated, Regular, Vocational, Special and Other)</i>	\$150,184	Total Instruction had a variance of 0.52%. Within the line items in the budget, Undifferentiated and Regular instruction were slightly under-budgeted, while Vocational, Special and Other Instruction were slightly over-budgeted.	Monitor for vacancies and substitute needs to adjust budgets accordingly.

Total Support Services (includes: Pupil, Instructional, General Administration, Building Administration, Business, Central, Insurance and Other)	(\$377,401)	Total Support Services had a variance of -2.06%. Within the line items in the budget, General Administration, Central, Insurance and Other Services were slightly under-budgeted, while Pupil, Instructional, Building Administration and Business Services were slightly over-budgeted.	Monitor for expenditures relating to increased professional development and training (and related travel expenses), increased costs relating to custodial and facility services, as well as one-time expenses as services have returned to normal.
Non-Program Transactions	(\$216,326)	Non-Program Transaction expenditures were underestimated as instructional needs did not decrease as a result of the pandemic.	Monitor for continued needs relating to Special Education (Fund 27) substitute and contracted instructional services.
Capital Outlay	\$34,467	Capital projects relating to vehicle acquisition and technology were unable to be completed due to supply chain issues, resulting in underspend.	Monitor year-end purchasing for adjustments and resource reallocation.

Debt Service Fund (See Note 4 and the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds page 23).

The Debt Service Fund experienced an increase in fund balance from the 06/30/21 balance of \$3,184,610 to a 06/30/22 balance of \$3,197,783.

Referendum Debt

The actual net change in the Referendum Debt fund balance was a decrease of \$78,133. However, \$91,306 was transferred from the Capital Projects Fund, resulting in a net change of fund balance of \$13,173. The use of fund balance and debt defeasance is a planned strategy based on a predetermined long-term debt schedule.

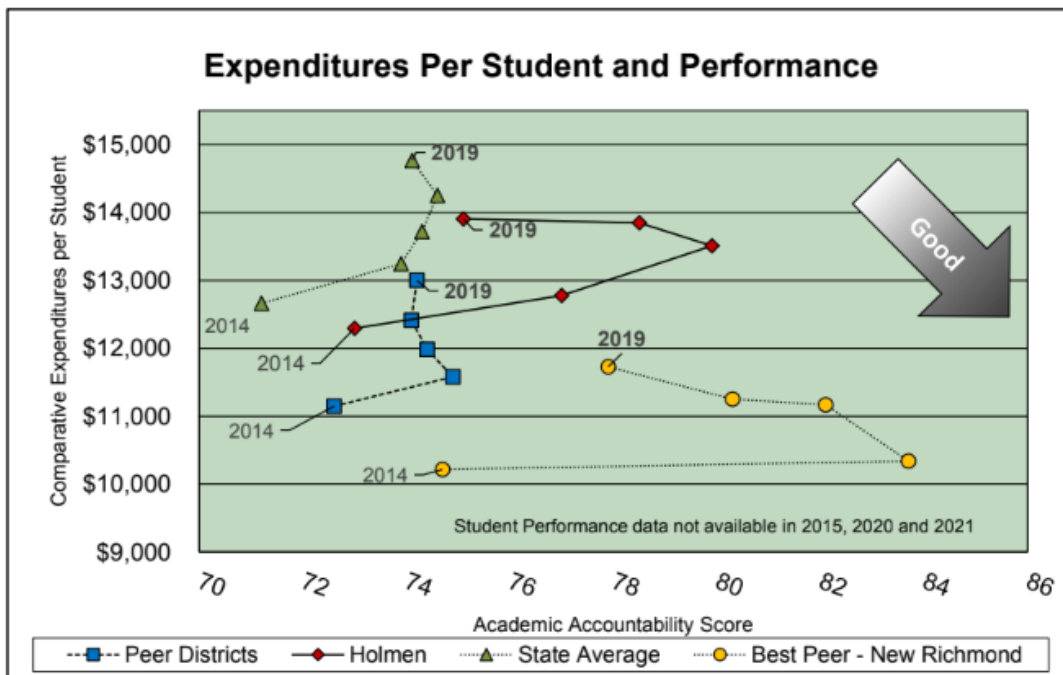
Non-Referendum Debt (No fund activity to report)

Capital Projects Fund - As indicated above, \$91,306 was transferred to Referendum Debt as capital projects were completed, resulting in a \$0 fund balance, with no additional activity to report.

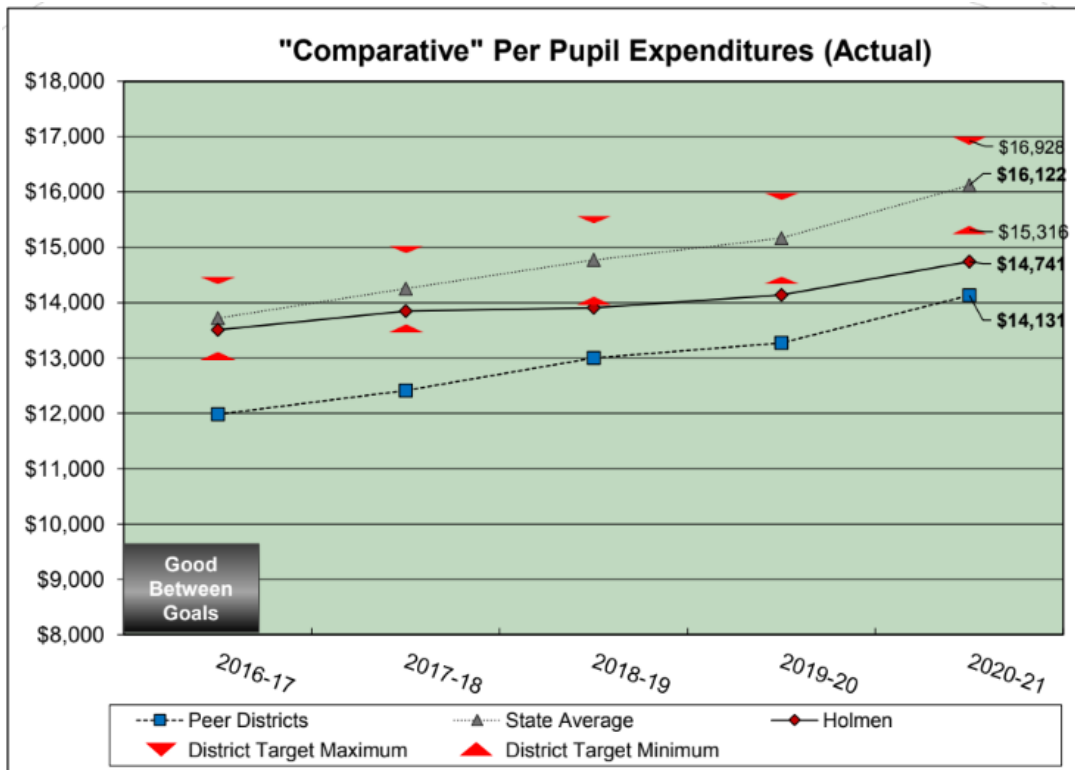
B. FOCUS AREA – FISCAL

Since 2005, specific reporting has taken place on District-defined Financial Performance Results. In 2017-18, the School District of Holmen, along with input from our Board of Education, staff and students, refined what the stakeholders deem as most important to the success of a student in Holmen. As a result, a District Dashboard was developed. The Dashboard communicates our District story by showing areas of strength and opportunities for improvement. The Dashboard is organized by our five focus areas (1) Student Learning, (2) Fiscal, (3) Workforce, (4) Customer/Stakeholder Engagement, and (5) Health and Safety. Several measures for each of these focus areas can be found in the School District of Holmen Annual Report.

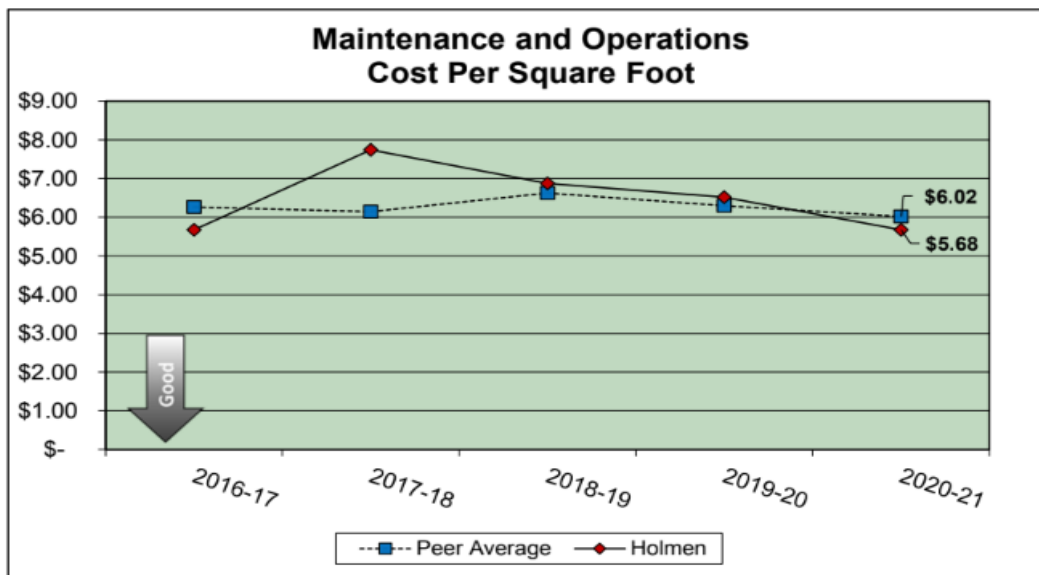
The eight Fiscal Performance Results measures are presented below:



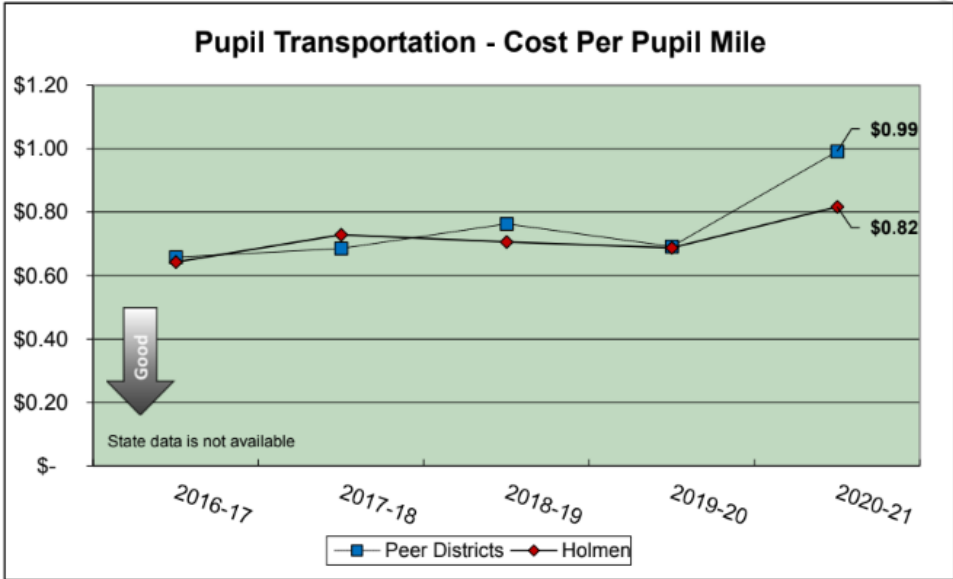
The expenditure per student performance measures both the comparative expenditure per pupil and student performance, using the academic accountability score. These two measures are then examined in relationship to one another. The District's expenditure per student performance can improve due to either our own improvement or the slide in performance by other peer districts. Conversely, our expenditure per student performance can decline due to either a slide in our own performance or an improvement by other peer districts. The comparative nature of the expenditure per student performance requires the District to make more effective choices on how we spend money.



The "Comparative" Per Pupil Expenditures (Actual) is a lagging indicator that measures the financial resources that were applied to deliver services to students. "Comparative" values exclude from the total cost the following expenditures: transportation, capital, debt, and miscellaneous expenditures. The "comparative" measure accounts more specifically for those controllable costs directly associated with servicing students.

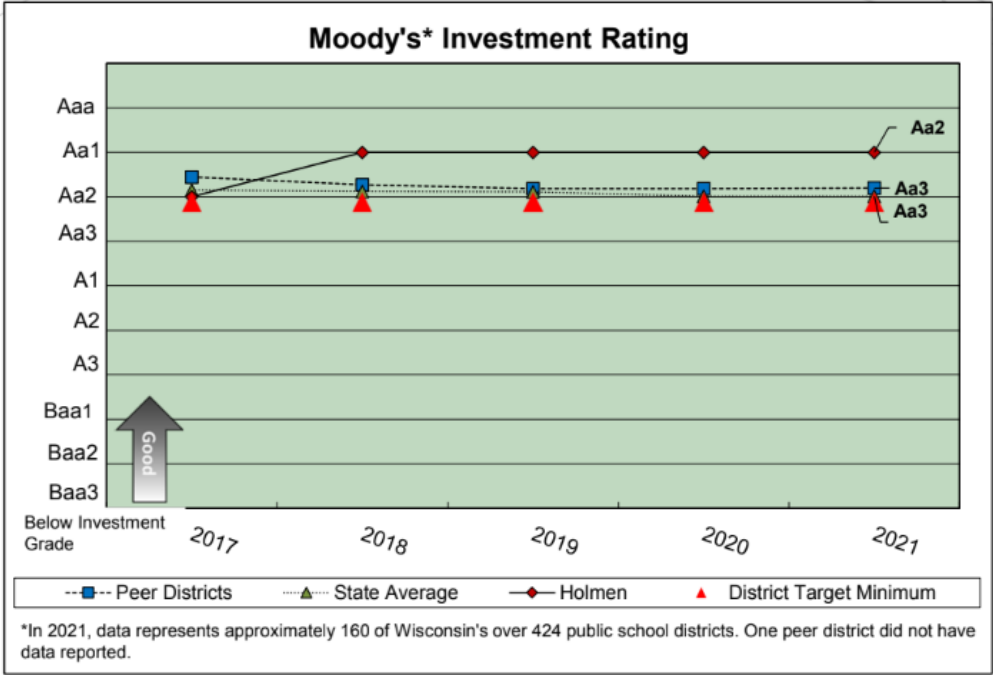


The Maintenance and Operations Cost Per Square Foot is a measure that compares Holmen's cost per square foot for maintenance operations, to that of our peer districts. The importance of this measure is to track our costs compared to our peers to ensure efficiency of operations, yet have the funding required to effectively maintain the fixed assets within the District. The cost of maintenance and operations have been comparable to our peers for several years. The sharp increase from 2016-17 is attributable to the District Office addition and safety initiatives that were assigned to the maintenance and facilities portion of the budget. 2018-19 and 2019-20 include safety initiatives not normally reported in maintenance and operations. The Holmen cost per square foot was \$5.68 in 2020-21.

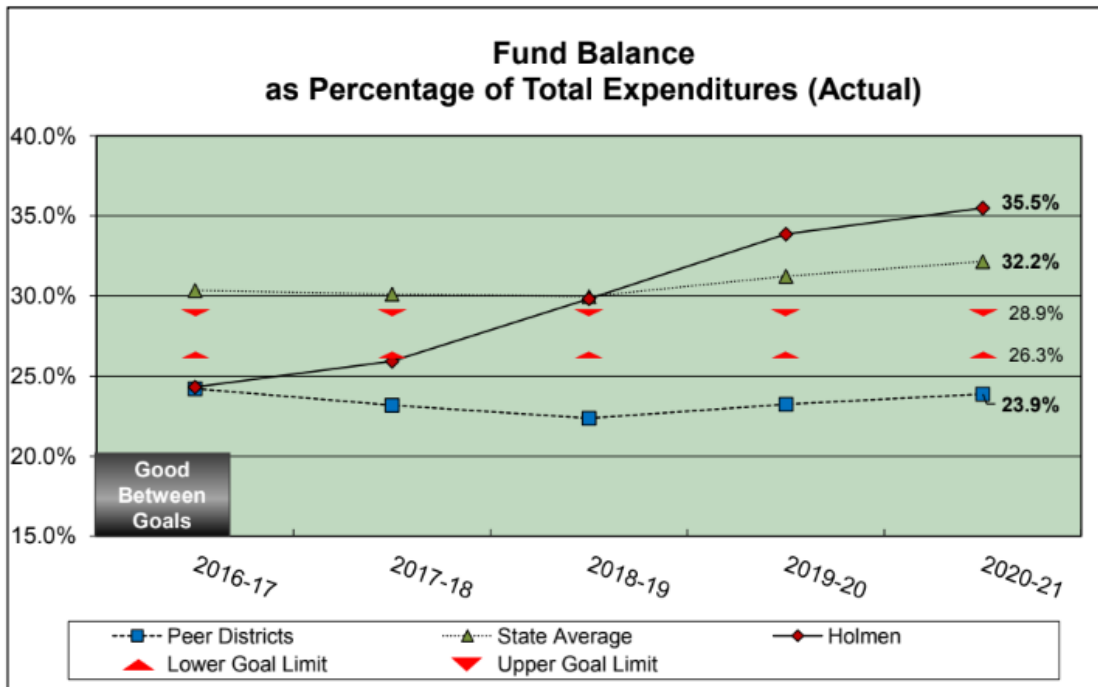


The cost efficiency of the ride to and from school can be measured by "Cost Per Pupil Mile." Cost is identified as a key performance factor in delivery of transportation services. Cost efficiency, while maintaining quality, defines the value of transportation services. This shows the School District of Holmen's transportation service is a good value to the stakeholders of the District. 2020-21 shows Holmen increasing, but not as significantly as our peers. In 2020-21, peer districts reported greater cost with fewer overall miles transported, increasing the peer average cost from \$0.69 to \$0.99 per pupil mile. Holmen experienced a very slight decrease in total transportation cost combined with a noticeable decrease in total miles transported, causing Holmen's cost per pupil mile to increase at a lower rate compared to the peer average.

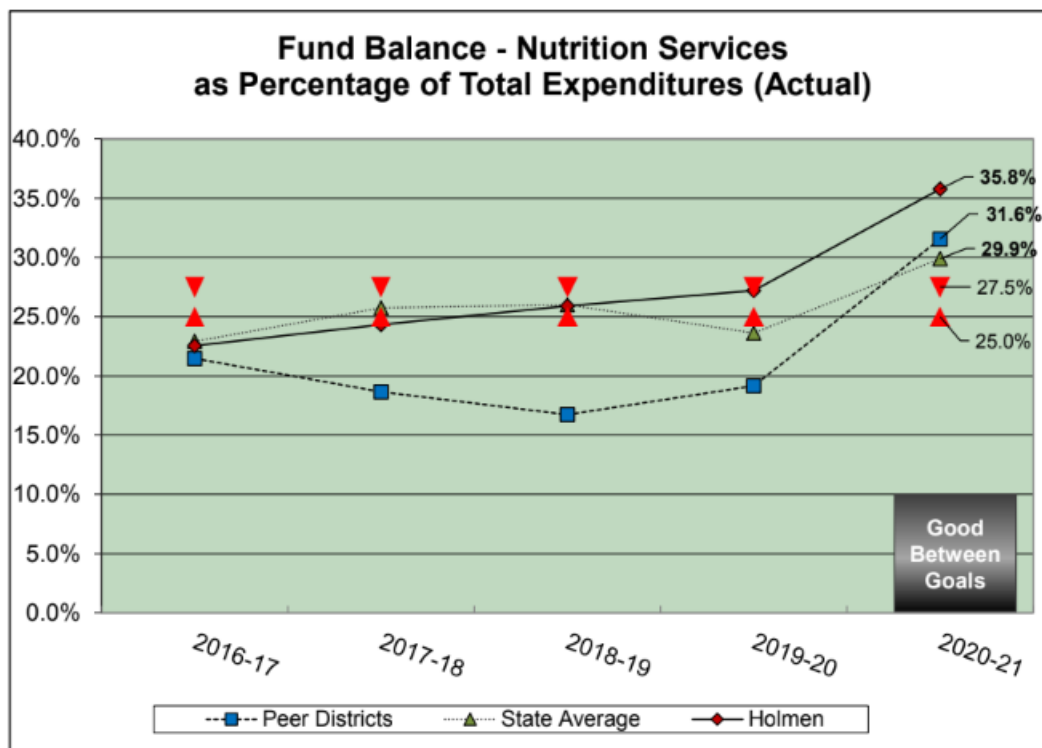
**Historical data has been reconciled with that reported to DPI. This chart includes corrections to annual cost data previously reported.*



Moody's Investment Rating is a lagging indicator that measures the District's financial stability. Moody's is an international ratings firm. As a third party, Moody's collects data on organizations such as schools. Moody's evaluates the data and then assigns a standardized rating of Aaa, Aa, A or Baa. The highest category is Aaa and is given to organizations with the highest financial stability. There are further rating breakdowns within the Aa, A and Baa categories. This further breakdown is accomplished by assigning a numeric value of 1, 2 or 3 with 1 being the highest and 3 being the lowest rating. An A1 rating is better than an A3 rating. For districts that are frequently bonding to fund construction of new facilities, a high Moody's rating is important. A high rating positively influences the interest rate on the bonds.

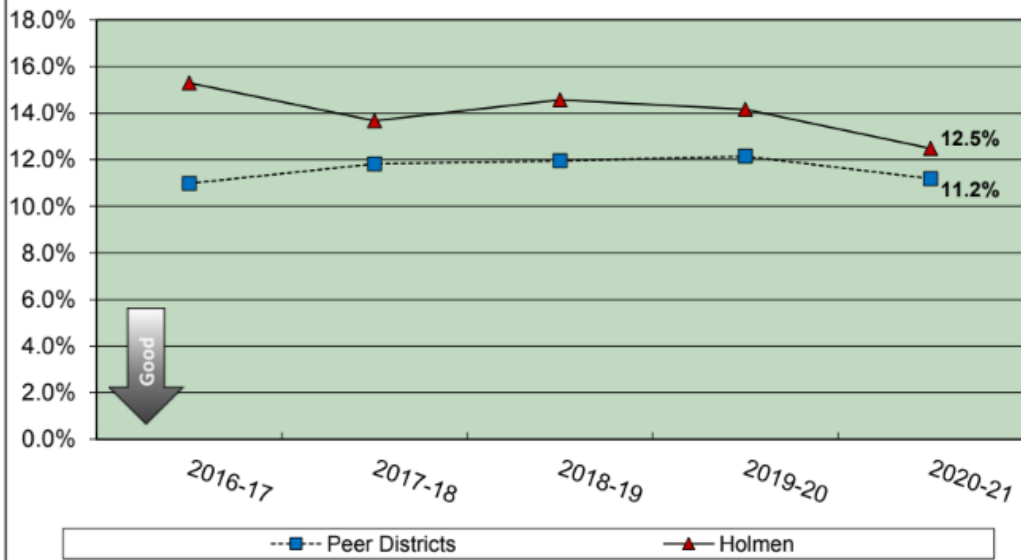


The Fund Balance as a Percentage of Total Expenditures (FBPTE) is a leading indicator that measures the overall financial stability of an organization. Financial stability and affluence is not the same thing. Just as a person can be poor yet remain financially stable, so can a school district. Financial stability comes from properly managing the more limited resources available.



The Fund Balance as a Percentage of Total Expenditures is a leading indicator that measures the overall financial stability of the Nutrition Services Program. Financial stability comes from properly managing the limited resources available. Nutrition Services exceeded the upper limit of the goal by 8% due to higher than expected participation in the meal programs, as well as taking advantage of special programs where additional funding (over \$100,000) was made available to purchase produce and other local items.

Special Programs Support as a Percentage of Operational Expenditures (Actual)



Revenue and expenditures related to students with exceptional education needs are recorded in a separate fund account. This account is not allowed to end a fiscal year in a deficit position. Federal and state special education revenue sources do not adequately support special programs. A transfer from the general operational fund account is necessary to support the cost of delivering special programs. The Special Programs Support as a Percentage of the Operational Expenditure indicates that the School District of Holmen spends 1% more of its operational budget on special programs than its peer districts. This measure requires the District to analyze more effective choices on how we spend money, while still meeting the needs of all students.

SECTION II Required Discussion and Analysis

The Required Discussion and Analysis portion of this document comprises four topic areas. They are:

- **A. Overview of the Financial Statement**
- **B. Financial Analysis of the District as a Whole**
- **C. Non-current Assets**
- **D. Long-Term Debt**

A. OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

District-wide Financial Statements

- The District-wide financial statements are the STATEMENT OF NET POSITION (See page 20) and STATEMENT OF ACTIVITIES (See page 21). These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Beginning in 2020, functions/programs were combined into Governmental Activities. In prior years, Nutrition Services was separated into Business Type Activities. With the exception of Nutrition Services, Governmental Activities are financially mainly supported by property taxes and inter-governmental revenues. Nutrition Services is intended to cover all, or a significant portion of, costs through user fees and charges.
- The STATEMENT OF NET POSITION presents information on all of the District's assets and liabilities, with the difference between the two reported as NET POSITION. Fiscal year end 2022 Total Assets valued at \$110,266,490 is more than the value of \$105,830,726 twelve months earlier. This represents a one-year increase of 4.19%.
- The STATEMENT OF ACTIVITIES presents information showing how the District's NET POSITION changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year. The NET POSITION for the year, of \$70,710,330, is an increase of 16.11% over the \$60,898,755 prior year amount.

Fund Financial Statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the District-wide statements, and provide information that may be useful in evaluating a District's near-term financing requirements.
- There are two fund financial statements, the BALANCE SHEET - GOVERNMENTAL FUNDS (See page 22) and the STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (See page 23). Generally, balance sheet reports provide a snapshot as of June 30th, which summarizes assets, liabilities, and the impact on fund balance. The STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS provides additional information on inflows and outflows that affected fund balance.

- Because the focus of fund financial statements is narrower than that of the District-wide statements, it is useful to make a comparison between the information presented. This helps readers better understand the long-term implication of the government's near-term financial decisions.
- The RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (See page 24) reconciles the "TOTAL FUND BALANCE" as shown on the BALANCE SHEET - GOVERNMENTAL FUNDS (See page 22), to the Governmental Activities "Total Net Position" as shown on the STATEMENT OF NET POSITION (See page 20). This reconciliation adjusts for the balance sheet difference between financial reporting and fund accounting.
- The District has governmental funds, which include General, Special Revenue, Special Education, Debt Service, Capital Projects and Food Service.
- Financial information is presented in separate columns on both the BALANCE SHEET – GOVERNMENTAL FUNDS (See page 22 and the STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS (See page 23) for the general and debt service funds as these are considered to be major funds. Capital Projects funds is also reported here as a separate column in years where the District had Capital Projects financial activity. Data for the Special Revenue Fund and Food Service Fund are reported in the "Non-Major Governmental Funds" column as these are considered non-major funds. While not present in this reporting period, other non-major funds might include a combination of Special Revenue Trust Fund, Capital Project Funds and others. Data for these individual non-major funds is provided separately as supplementary information (See pages 49-50).
- The District opted for a "pay-as-you-go" method for other post-employment benefits. A schedule of funding progress for Wisconsin Retirement System Pension (Note 5 page 33-38), Other Post-Employment Benefits (OPEB) (Note 6 page 38-41) and Net Position and Fund Balances (Note 8 page 42) is available as of 2021-22.
- The District adopts an annual appropriation budget for every fund it administers. Budget comparisons are provided for the major funds and present the original, revised and actual amounts in each major program area (See page 47).

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

B. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, provides a summary of the District's NET POSITION (See page 20) for the year ended June 30, 2022.

Table 1			
Condensed NET POSITION			
(in thousands of dollars)			
	Total School District 2021	Total School District 2022	Change
Current Assets	\$41,128.13	\$45,533.01	\$4,404.88
Noncurrent Assets	\$64,702.60	\$64,428.74	(\$273.86)
Amortized Assets		\$304.74	\$304.74
Total assets	\$105,830.73	\$110,266.49	\$4,435.76
Deferred Outflows of Resources	\$17,580.15	\$26,110.53	(\$8,530.38)
Current Liabilities	\$9,356.15	\$9,264.08	(\$92.07)
Noncurrent Liabilities	\$27,132.26	\$21,974.55	(\$5,157.71)
Total Liabilities	\$36,488.41	\$31,238.63	(\$5,249.78)
Deferred Inflows of Resources	\$26,023.72	\$34,428.07	\$8,404.35
NET POSITION			
Net Investment in Capital Assets	\$39,057.40	\$43,442.50	\$4,385.10
Restricted	\$18,164.89	\$21,615.59	\$3,450.70
Unrestricted	\$3,676.47	\$5,652.24	\$1,975.77
Total NET POSITION	\$60,898.76	\$70,710.33	\$9,811.57

Note: There may be a slight variance in totals due to rounding.

Between June 30, 2021 and June 30, 2022, "Total Assets" increased by \$4,435,764 or 4.19%, and "Total Liabilities" decreased by \$5,249,780 or -14.39%.

- The change in "Total Liabilities" came from decreases in "Current Liabilities" such as accounts payable and deposits payable, and "Noncurrent Liabilities". Within "Liabilities" the current portion of long-term obligations increased by \$220,180. The non-current portion of long-term obligations decreased from \$27,132,255 to \$21,974,550. Total liabilities decreased by \$5,249,780 primarily due to a reduction in long-term obligations. The net pension liability (asset) influences a net increase in total assets from \$105,830,726 to \$110,266,490 as of 06/30/22.
- "Total NET POSITION" increased by a total of \$9,811,575 or 16.11%. This included an increase in Net Investment in Capital Assets of \$4,385,100, an increase for Special Revenue of \$947,112, Other Activities of \$2,754,293 and restricted Debt Service of \$13,173, and Unrestricted of 1,975,774. This also includes a net decrease for restricted Capital Projects of \$263,877.

Table 2 provides summarized operating results and their impact on the change in NET POSITION (see page 21). All of the governmental activities contribute to the District's financial position in relation to NET POSITION. The largest increase in revenues was state aid (see below "Federal & State Aid Not Restricted") allocated to schools and "Operating Grants & Contributions".

In expenditures, "Instruction", "General and Building Administration", "Business Services", "Central Services", "Other Support Services", "Community Services", and "Non-Program" increased. "Pupil & Instructional Services", "Interest and Fiscal Charges", and "Insurance" categories decreased. Prudent oversight of financial accounts and insurances helped realize savings for the District over the prior year.

Table 2
Statement of Activities – Summary/Comparison
(in thousands of dollars)

	Total School District 2021	Total School District 2022	Change
REVENUES			
Program Revenues			
Charges for Services	\$880.90	\$1,527.59	\$646.69
Operating Grants & Contributions	\$6,004.08	\$8,041.56	\$2,037.48
General Revenues			
Property Taxes	\$19,733.48	\$18,813.07	(\$920.41)
Federal & State Aid Not Restricted	\$34,543.42	\$37,325.66	\$2,782.24
Other	\$2,095.64	\$2,139.24	\$43.60
Total Revenues	\$63,257.52	\$67,847.12	\$4,589.60
EXPENSES			
Instruction	\$26,381.43	\$27,569.54	\$1,188.11
Pupil & Instructional Staff Services	\$6,474.01	\$6,338.67	(\$135.34)
General and Building Administration	\$2,925.98	\$3,024.40	\$98.42
Business Services	\$11,195.03	\$11,749.58	\$554.55
Central Services	\$474.67	\$515.5	\$40.83
Interest and Fiscal Charges	\$1,073.83	\$1,030.09	(\$43.74)
Insurance	\$443.75	\$369.31	(\$74.44)
Other Support Services	\$832.52	\$902.98	\$70.46
Community Services	\$31.63	\$79.48	\$47.85
Non-Program	\$5,483.34	\$6,456.02	\$972.68
Total Expenses	\$55,316.19	\$58,035.57	\$2,719.38
Increase (decrease) in NET POSITION	\$7,941.33	\$9,811.55	\$1,870.22

Note: There may be a slight variance in totals due to rounding.

C. NONCURRENT ASSETS

At the end of fiscal year 2022, the District had booked \$110,637,062 in non-current capital assets within its “Governmental Activities” accounts. These non-current assets included land, buildings, sites, furniture, and equipment (included in “Buildings & Building Improvements”) (see Table 3 below). Total accumulated depreciation on these non-current assets was \$44,866,184, with no construction in progress to report. The total net capital assets is \$65,770,878. Land improvements, building and building improvements and equipment are depreciated. Detailed information about capital assets and depreciation of these assets can be found in Note 3 (See page 31-32) of the financial statements. Within this note, additions and deletions during fiscal year 2022 are itemized.

	Total School District 2021	Total School District 2022	Change
Land & Site Improvements	\$6,711.21	\$6,769.25	(\$58.03)
Buildings & Building Improvements	\$94,951.76	\$96,137.33	(\$1,185.57)
Equipment & Furniture	\$7,292.10	\$7,730.49	(\$438.39)
Construction in Progress	\$243.01	\$	\$243.01
Accumulated Depreciation	(\$42,910.35)	(\$44,866.18)	\$1,955.83
Total Net Capital Assets	\$66,287.73	\$65,770.89	\$516.85

Note: There may be a slight variance in totals due to rounding.

D. LONG-TERM DEBT

At fiscal year-end, the District had \$26,090,497 in general obligation bonds and other long-term obligation (see Table 4 below and Note 4, starting on page 32). The decrease in general obligation bonds is 17.88% from July 1, 2021. The District refunded the 2009B series general obligation bonds in April 2020, reducing interest and term. The Governmental Activities General Obligation (G.O.) Debt decrease of \$4,570,000 is the net effect of long-term obligation reductions through principal payments and bond refunding.

The District has two outstanding bonds including the 2019 GO Bond series with a 06/30/22 balance of \$16,295,000 and the 2020 GO Refunding Bond series with a 06/30/22 balance of \$4,695,000. The legal debt limit is \$234,557,643 and margin of indebtedness is \$216,765,426 as of June 30, 2022. The debt in Other Governmental Activities totaling \$5,100,497 includes lease liability, premium, vested vacation pay and OPEB healthcare. There was an increase of \$310.61 in lease liability under the GASB 87 requirement to report outstanding leases.

Table 4
Outstanding Long-Term Obligations
 (in thousands of dollars)

	Total School District 2021	Total School District 2022	Change
Governmental Activities G.O. Debt	\$25,560.00	\$20,990.00	(\$4,570.00)
Other Governmental Activities	\$5,468.02	\$5,100.50	(\$367.53)
Total	\$31,028.02	\$26,090.50	(\$4,937.53)

Note: There may be a slight variance in totals due to rounding.

Contacting the School District of Holmen’s Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances, and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Executive Director of Finance & Operations, (608) 526-6610, School District of Holmen, 1019 McHugh Road, Holmen, WI 54636.

SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin
BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin**

DISTRICT-WIDE FINANCIAL STATEMENTS

SCHOOL DISTRICT OF HOLMEN

STATEMENT OF NET POSITION

JUNE 30, 2022

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and investments	\$ 24,645,464
Receivables	
Accounts	86,491
Taxes	4,673,272
Due from other governments	1,070,654
Inventories	29,722
Prepays	1,375
Wisconsin Retirement System net pension	13,683,899
Capital assets (net of accumulated depreciation and amortization)	
Capital assets not being depreciated	1,342,134
Capital assets being depreciated	64,428,744
Right to use assets being amortized	<u>304,735</u>
TOTAL ASSETS	<u>110,266,490</u>
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	25,694,875
OPEB healthcare	<u>415,659</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>26,110,534</u>
TOTAL ASSETS AND DEFERRED AND OUTFLOWS OF RESOURCES	<u>\$ 136,377,024</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	
LIABILITIES	
Accounts payable	\$ 372,795
Accrued liabilities	
Payroll, payroll taxes, insurance	3,344,039
Interest	204,225
Other	1,140,725
Deposits payable	85,432
Unearned revenue	912
Current portion of long-term obligations	4,115,947
Noncurrent portion of long-term obligations	<u>21,974,550</u>
TOTAL LIABILITIES	<u>31,238,625</u>
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	32,254,330
OPEB healthcare	<u>2,173,739</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,428,069</u>
NET POSITION	
Net investment in capital assets	43,442,500
Restricted for	
Special revenue	2,962,453
Debt service	3,197,783
Capital projects	220,037
Other activities	15,235,314
Unrestricted	<u>5,652,243</u>
TOTAL NET POSITION	<u>70,710,330</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 136,377,024</u>

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Undifferentiated instruction	\$ 7,618,143	\$ 4,113	\$ 61,826	\$ (7,552,204)
Regular instruction	9,916,600	6,301	169,169	(9,741,130)
Vocational instruction	1,074,371	8,276	24,384	(1,041,711)
Special instruction	6,189,755	101,453	3,401,077	(2,687,225)
Other instruction	2,770,667	82,412	875,824	(1,812,431)
Total instruction	<u>27,569,536</u>	<u>202,555</u>	<u>4,532,280</u>	<u>(22,834,701)</u>
Support services				
Pupil services	2,711,543	-	9,672	(2,701,871)
Instructional staff services	3,627,122	85,808	24,748	(3,516,566)
General administration services	583,158	-	-	(583,158)
Building administration services	2,441,244	-	-	(2,441,244)
Business services	11,749,583	871,169	3,418,903	(7,459,511)
Central services	515,495	-	-	(515,495)
Insurance	369,306	-	-	(369,306)
Interest and other	1,030,088	-	-	(1,030,088)
Other support services	902,981	-	-	(902,981)
Community services	79,478	-	-	(79,478)
Total support services	<u>24,009,998</u>	<u>956,977</u>	<u>3,453,323</u>	<u>(19,599,698)</u>
Non-program transactions	<u>6,456,020</u>	<u>368,066</u>	<u>55,954</u>	<u>(6,032,000)</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ 58,035,554	\$ 1,527,598	\$ 8,041,557	(48,466,399)
GENERAL REVENUE				
Taxes				
Property taxes				
				18,813,072
State and federal aids not restricted to specific functions				
				37,325,664
Interest and investment earnings				
				51,730
Miscellaneous				
				2,087,508
TOTAL GENERAL REVENUE				
				<u>58,277,974</u>
CHANGE IN NET POSITION				
				9,811,575
NET POSITION - BEGINNING OF YEAR				
				<u>60,898,755</u>
NET POSITION - END OF YEAR				
				<u>\$ 70,710,330</u>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin
FUND FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF HOLMEN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE REFERENDUM APPROVED</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 18,192,031	\$ 3,197,783	\$ 3,255,650	\$ 24,645,464
Receivables				
Accounts	44,875	-	41,616	86,491
Taxes	4,673,272	-	-	4,673,272
Due from other governments	1,023,490	-	47,164	1,070,654
Inventories	-	-	29,722	29,722
Prepays	1,375	-	-	1,375
TOTAL ASSETS	<u>\$ 23,935,043</u>	<u>\$ 3,197,783</u>	<u>\$ 3,374,152</u>	<u>\$ 30,506,978</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 313,500	\$ -	\$ 59,295	\$ 372,795
Accrued payroll liabilities	4,467,478	-	17,286	4,484,764
Deposits payable	73	-	-	73
Unearned revenue	912	-	85,359	86,271
TOTAL LIABILITIES	<u>4,781,963</u>	<u>-</u>	<u>161,940</u>	<u>4,943,903</u>
 FUND BALANCES				
Nonspendable	1,375	-	29,722	31,097
Restricted	1,551,415	3,197,783	3,182,490	7,931,688
Committed	935,355	-	-	935,355
Assigned	7,950,000	-	-	7,950,000
Unassigned	8,714,935	-	-	8,714,935
TOTAL FUND BALANCES	<u>19,153,080</u>	<u>3,197,783</u>	<u>3,212,212</u>	<u>25,563,075</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,935,043</u>	<u>\$ 3,197,783</u>	<u>\$ 3,374,152</u>	

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

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	\$ 110,993,982	
Governmental accumulated depreciation and amortization	<u>(44,918,369)</u>	66,075,613

Wisconsin Retirement System asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements: 7,124,444

Other post employment benefits deferred outflows of resources and deferred inflows of resources are not current financial resources and are not reported in fund statements: (1,758,080)

Long-term liabilities are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	\$ (20,990,000)	
Lease liability	(310,608)	
Bond premium	(1,332,505)	
Accrued interest	(204,225)	
Vested employee benefits	(439,230)	
Net OPEB obligation	<u>(3,018,154)</u>	<u>(26,294,722)</u>

Total net position - governmental activities **\$ 70,710,330**

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	GENERAL FUND	DEBT SERVICE REFERENDUM APPROVED	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Property taxes	\$ 13,170,147	\$ 5,542,925	\$ 100,000	\$ 18,813,072
Other local sources	295,975	8,845	1,891,001	2,195,821
Interdistrict sources	1,861,570	-	-	1,861,570
Intermediate sources	31,613	-	-	31,613
State sources	38,143,019	-	109,851	38,252,870
Federal sources	2,704,978	-	3,309,052	6,014,030
Other sources	<u>336,104</u>	<u>-</u>	<u>715</u>	<u>336,819</u>
TOTAL REVENUE	<u>56,543,406</u>	<u>5,551,770</u>	<u>5,410,619</u>	<u>67,505,795</u>
EXPENDITURES				
Current				
Instruction				
Undifferentiated instruction	7,578,040	-	40,103	7,618,143
Regular instruction	11,226,354	-	38,001	11,264,355
Vocational instruction	1,147,662	-	5,400	1,153,062
Special instruction	6,669,683	-	-	6,669,683
Other instruction	<u>2,139,733</u>	<u>-</u>	<u>774,315</u>	<u>2,914,048</u>
Total instruction	<u>28,761,472</u>	<u>-</u>	<u>857,819</u>	<u>29,619,291</u>
Support services				
Pupil services	2,953,411	-	9,947	2,963,358
Instructional staff services	3,826,179	-	13,091	3,839,270
General administration services	498,591	-	261	498,852
Building administration services	2,490,300	-	-	2,490,300
Business services	7,071,776	-	3,342,469	10,414,245
Central services	518,636	-	4,255	522,891
Insurance	369,306	-	-	369,306
Other support services	928,213	-	6,086	934,299
Community services	<u>-</u>	<u>-</u>	<u>79,478</u>	<u>79,478</u>
Total support services	<u>18,656,412</u>	<u>-</u>	<u>3,455,587</u>	<u>22,111,999</u>
Non-program transactions	<u>6,426,544</u>	<u>-</u>	<u>29,476</u>	<u>6,456,020</u>
Debt Service				
Principal	46,312	4,570,000	-	4,616,312
Interest	14,785	1,045,559	-	1,060,344
Other	<u>-</u>	<u>14,344</u>	<u>-</u>	<u>14,344</u>
Total debt service	<u>61,097</u>	<u>5,629,903</u>	<u>-</u>	<u>5,691,000</u>
Capital outlay	<u>1,054,221</u>	<u>-</u>	<u>504,033</u>	<u>1,558,254</u>
TOTAL EXPENDITURES	<u>54,959,746</u>	<u>5,629,903</u>	<u>4,846,915</u>	<u>65,436,564</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	1,583,660	(78,133)	563,704	2,069,231
OTHER FINANCING (USES) SOURCES				
Net transfer (to) from other funds	<u>(210,000)</u>	<u>91,306</u>	<u>118,694</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,373,660	13,173	682,398	2,069,231
FUND BALANCE - BEGINNING OF YEAR	<u>17,779,420</u>	<u>3,184,610</u>	<u>2,529,814</u>	<u>23,493,844</u>
FUND BALANCE - END OF YEAR	<u>\$ 19,153,080</u>	<u>3,197,783</u>	<u>\$ 3,212,212</u>	<u>\$ 25,563,075</u>

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds \$ 2,069,231

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the statement of activities.

Capital outlay reported in fund statements	\$ 1,558,254	
Depreciation expense reported in the statement of activities	(2,078,615)	
Amortization expense reported in the statement of activities	(52,185)	
Net book value of capital assets disposed	<u>(44,398)</u>	
Amount by which capital outlays are less than depreciation and the net book value of capital assets disposed in the current period:		(616,944)

The net effect of various miscellaneous transactions involving capital assets (i.e. noncapitalized outlay and contributions) is to increase net position: 47,901

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.
This year the accrual of these benefits decreased by: 64,342

Wisconsin Retirement System asset, deferred outflows of resources, liability, and deferred inflows of resources changes: 2,970,851

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: 277,451

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.
Amount of long-term debt principal payments in the current year is: 4,616,312

Governmental funds report the effect of debt discounts and premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.
The net effect of these differences in the current year: 337,831

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it
Amount of interest and other debt costs paid during the current period is \$ 1,074,688
Amount of interest and other debt costs accrued during the current period is (1,030,088)
Interest paid is greater than interest accrued by: 44,600

Change in net position - governmental activities \$ 9,811,575

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the School District of Holmen (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America 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 School District of Holmen is organized as a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of six taxing districts.

The District's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it 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 impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis of Presentation

District-Wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenue 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 revenue includes (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, are presented as general revenue.

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category 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 non-major funds.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

The District reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

Referendum Approved Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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 revenue. 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 revenue.

Cash and Investments - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

Investments are stated at fair value, if applicable, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installment real estate taxes are collected by municipal treasurers who then make proportional settlement with the District and county treasurer for those taxes collected on their behalf. Third installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and the District before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and a final payment no later than the following July 31. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20 of each subsequent month thereafter. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance. The county assumes all responsibility for delinquent real estate property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2021 tax levy is used to finance operations of the District's fiscal year ended June 30, 2022. All property taxes are considered due on January 1, when an enforceable lien may be 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.

Accounts Receivable - Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

Due To/From Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. The amounts reported on the statement of net position for receivable/payable from external parties represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenue and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Inventories - Inventories are valued at cost using the first-in/first-out method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Prepays - Prepaid items represent payments for goods or services for which benefits extend beyond June 30.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Capital Assets - Capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	15-50 years
Land improvements	\$5,000	Straight-line	20 years
Furniture and equipment	\$5,000	Straight-line	5-20 years
Computer and related technology	\$5,000	Straight-line	5 years

Debt Premiums and Discounts - In the government-wide financial statements, debt premiums and discounts are amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - The District's policy permits employees to accumulate earned, but unused sick leave, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

	Non-Bus Drivers	Bus Drivers	Administrators	Supervisors	Teachers
Accumulated Sick Leave					
Eligibility - Age	55	55	55	55	55
Eligibility - Service	15 - 25 years	6 - 14 years	10 years	15 years	15 years
Benefit Duration	1 - 2 years				
Sick Leave Pay Out	<u>If service:</u> 15 yrs: \$5/hour* 20 yrs: \$7.50/hour* 25 yrs: \$10/hour* *Accumulated	<u>If service:</u> 6 yrs: \$5/hour* 10 yrs: \$7.50/hour* 14 yrs: \$10/hour* *Accumulated	<u>Accumulated days:</u> 0-60 days, 25%* 61-100 days, 50%* 101-140 days, 75%* *of daily per diem	Benefit equal to 0.15% of last working contract rate for each day of accumulated sick leave.	Benefit equal to 0.15% of last working contract rate for each day of accumulated sick leave.
Survivor Benefit	Yes	Yes	Yes	Yes	Yes

Accumulated vacation lapses upon separation from government service therefore no monetary obligation exists.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Pensions - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) - The fiduciary net position of the OPEB healthcare plan has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post-employment benefits and OPEB expense. 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.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualify for reporting in this category. They are the Wisconsin Retirement System pension and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has two types of items, Wisconsin Retirement System pension and OPEB healthcare which qualify for reporting in this category. The Wisconsin Retirement System pension and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

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

Claims and Judgments - They are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

SCHOOL DISTRICT OF HOLMEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the District Administrator, Associate District Administrator, and Administrator of Business Services to assign fund balances through its District Fund Balance Policy, and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against committed fund balance, then assigned fund balance and lastly to unassigned fund balance (GASB 54 default for not having a policy). The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Changes in Accounting Principle - The District has implemented GASB Statement No. 87, Leases, in 2022. At the beginning of the period, leases recorded as operating leases under previous guidance were recorded in the statement of net position as a right to use asset and corresponding lease liability in the amount of \$356,920. The change resulted in no adjustments to net position or fund balances.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government investment pool administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of June 30, 2022, the District had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
State of Wisconsin Investment Pool	Less than one year	<u>\$ 19,979,919</u>

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2022, the Pool's fair value was 100 percent of book value.

Determining Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurement:

- 1) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations (level 2 inputs).

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 2 - Cash and Investments - Continued

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District does not have an investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District does not have an investment policy that would further limit its investment choices. The State of Wisconsin Local Government Investment Pool is not rated.

Custodial Credit Risk - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does not have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2022, \$4,910,111 of the District's bank balance of \$5,560,111 was exposed to custodial credit risk as follows:

Amount over FDIC Limit; with collateral pledged by bank **\$ 4,910,111**

NOTE 3 - Capital Assets

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

	BALANCE 07/01/21	ADDITIONS	DISPOSALS	ADJUSTMENTS	BALANCE 06/30/22
Capital assets not being depreciated:					
Land	\$ 1,342,134	\$ -	\$ -	\$ -	\$ 1,342,134
Construction in progress	243,005	-	-	(243,005)	-
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	1,585,139	-	-	(243,005)	1,342,134
Capital assets being depreciated:					
Land improvements	5,369,082	58,029	-	-	5,427,111
Building and improvements	94,951,764	942,561	-	243,005	96,137,330
Equipment	7,292,101	605,565	(167,179)	-	7,730,487
TOTAL CAPITAL ASSETS BEING DEPRECIATED	107,612,947	1,606,155	(167,179)	243,005	109,294,928
Less accumulated depreciation for:					
Land improvements	(3,414,203)	(145,663)	-	-	(3,559,866)
Buildings and improvements	(35,004,285)	(1,367,094)	-	-	(36,371,379)
Equipment	(4,491,862)	(565,858)	122,781	-	(4,934,939)
TOTAL ACCUMULATED DEPRECIATION	(42,910,350)	(2,078,615)	122,781	-	(44,866,184)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	64,702,597	(472,460)	(44,398)	243,005	64,428,744
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 66,287,736</u>	<u>\$ (472,460)</u>	<u>\$ (44,398)</u>	<u>\$ -</u>	<u>\$ 65,770,878</u>

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 3 - Capital Assets - Continued

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 44,251
General administration services	113,878
Building administration services	111,826
Business service	1,794,128
Food services	14,532
TOTAL DEPRECIATION	<u>\$ 2,078,615</u>

	BALANCE 07/01/21	ADDITIONS	DISPOSALS	BALANCE 06/30/22
Capital assets not being amortized:				
Leased buildings	\$ 306,074	\$ -	\$ -	\$ 306,074
Leased equipment	50,846	-	-	50,846
TOTAL CAPITAL ASSETS NOT BEING AMORTIZED	356,920	-	-	356,920
Less accumulated amortization for:				
Leased buildings	-	(33,696)	-	(33,696)
Leased equipment	-	(18,489)	-	(18,489)
TOTAL CAPITAL ASSETS BEING AMORTIZED	-	(52,185)	-	(52,185)
CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION	<u>\$ 356,920</u>	<u>\$ (52,185)</u>	<u>\$ -</u>	<u>\$ 304,735</u>
Business services			\$ 33,696	
Central services			18,489	
TOTAL AMORTIZATION			<u>\$ 52,185</u>	

NOTE 4 - Long-Term Obligations

Details of the District's long-term obligations are set forth below:

Summary of Long-Term Obligations

TYPE	BALANCE 7/1/21	ADDITIONS	REDUCTIONS	BALANCE 6/30/22	AMOUNTS DUE WITHIN ONE YEAR
<u>Debt</u>					
Bonds payable	\$ 25,560,000	\$ -	\$ (4,570,000)	\$20,990,000	\$ 3,270,000
Lease liability	356,920	-	(46,312)	310,608	48,342
Premium	1,670,336	-	(337,831)	1,332,505	337,831
Vested vacation pay	503,572	-	(64,342)	439,230	119,745
OPEB obligation					
OPEB healthcare	3,294,114	-	(275,960)	3,018,154	340,029
	<u>\$ 31,384,942</u>	<u>\$ -</u>	<u>\$ (5,294,445)</u>	<u>\$26,090,497</u>	<u>\$ 4,115,947</u>

In prior years, the general fund liquidated vested employee benefits. Interest cost incurred during the year totaled \$1,000,959 and total paid during the year aggregated \$1,060,344.

SCHOOL DISTRICT OF HOLMEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 4 - 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. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at June 30, 2022 is comprised of the following individual issues:

<u>DESCRIPTION</u>	<u>ISSUE DATE</u>	<u>INTEREST RATES (%)</u>	<u>DATE OF MATURITY</u>	<u>BALANCE 6/30/22</u>
2019 GO Bonds	04/01/19	3.00 - 4.00%	04/01/30	\$16,295,000
2020 GO Refunding Bonds	05/11/20	5.00%	04/01/24	<u>4,695,000</u>
TOTAL GENERAL OBLIGATION DEBT				<u>\$20,990,000</u>

General Obligation Debt Limited Calculation

The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,345,576,430. The legal debt limit and margin of indebtedness as of June 30, 2022, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes, follows:

Debt limit (10 percent of \$2,345,576,430)	\$ 234,557,643
Deduct long-term debt applicable to debt margin	(20,990,000)
Amount available in debt service fund	<u>3,197,783</u>
MARGIN OF INDEBTEDNESS	<u>\$ 216,765,426</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

Maturities of Long-Term Obligations

Maturities of the long-term obligations at June 30, 2022, are as follows:

<u>YEARS</u>	<u>BONDS PAYABLE</u>			<u>LEASE LIABILITY</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 3,270,000	\$ 816,900	\$ 4,086,900	\$ 48,342	\$ 12,756	\$ 61,098
2024	3,525,000	663,400	4,188,400	45,492	10,544	56,036
2025	2,075,000	498,150	2,573,150	32,179	8,671	40,850
2026	2,525,000	415,150	2,940,150	33,466	7,384	40,850
2027	2,630,000	314,150	2,944,150	34,805	6,045	40,850
2028-2030	6,965,000	379,200	7,344,200	116,324	9,629	125,953
TOTAL	<u>\$ 20,990,000</u>	<u>\$ 3,086,950</u>	<u>\$ 24,076,950</u>	<u>\$ 310,608</u>	<u>\$ 55,029</u>	<u>\$ 365,637</u>

NOTE 5 - Wisconsin Retirement System

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

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

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System - Continued

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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
2021	5.1	13.0

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System - Continued

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

During the reporting period, the WRS recognized \$1,963,586 in contributions from the employer.

Contribution rates as of December 31, 2021 are:

Employee Category	Employee	Employer
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 (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability (asset) of (\$13,683,899) for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2021, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the Net Pension Liability (Asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.16977155%, which was a decrease of 0.00382044% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense (revenue) of (\$1,195,173).

At June 30, 2022, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$22,105,647	\$ 1,594,055
Net differences between projected and actual earnings on pension plan investments	-	30,612,020
Changes in assumptions	2,552,947	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,287	48,255
Employer contributions subsequent to the measurement date	987,994	-
Total	\$25,694,875	\$32,254,330

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System - Continued

\$987,994 reported as Deferred Outflows of Resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension Liability (Asset) in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year ended June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (645,809)
2024	(3,717,556)
2025	(1,626,522)
2026	(1,557,562)

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

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

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

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

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

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System - Continued

Asset Allocation Targets and Expected Returns (as of December 31, 2021)

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund	115	6.6	4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%			
The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.			

Single Discount Rate - A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax- exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the Net Pension Liability (Asset) calculated using the discount rate of 6.8 percent, as well as what the District's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase To Discount Rate (7.8%)
School District of Holmen's proportionate share of the Net Pension Liability (Asset)	\$9,709,696	(\$13,683,899)	(\$30,522,935)

SCHOOL DISTRICT OF HOLMEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System - Continued

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>.

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of \$196,088 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

NOTE 6 - Post-Employment Benefits Other Than Pensions

General Information about the Post-Employment Benefits Other Than Pensions

Plan Description - The other post-employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - Administrators and directors at least age 57, if hired on or before July 1, 2005, are eligible to receive contributions of 85 percent of the medical and dental premiums on the lowest cost plan rate until the retiree is eligible for Medicare.

Administrators and directors at least age 55, if hired after July 1, 2005, with a minimum of 10 consecutive years of service with the District, the retiree may choose to remain on the District's group medical plan by paying 100 percent of the premium until the retiree is eligible for Medicare.

Supervisors, assistant supervisors, teachers, nurses, or program coordinator for pupil and instructional services at least age 55 (prior to August 15 of the last year of employment) with a minimum of 10 consecutive years of service with the District, the District will make longevity incentive contributions into a retiree's HRA based on years of service. These contributions may be used towards medical premiums to remain on the District's medical plan until the retiree is eligible for Medicare, or after the exhaustion of funds, whichever occurs first.

Employees Covered - As of the June 30, 2022 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	58
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>472</u>
Total	<u>530</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2022, there were no contributions to the Plan.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 6 - Post-Employment Benefits Other Than Pensions - Continued

Actuarial Assumptions - The OPEB healthcare liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	3.50%
Salary Increases:	3.00%
Mortality:	Wisconsin 2018 Mortality Table
Medical Care Cost Trend:	6.50% decreasing by 0.10% per year down to 5.00% and level thereafter.

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2020. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015- 2017.

The OPEB liability for June 30, 2022 is based upon an update of the liability calculated from the July 1, 2020 actuarial valuation. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

Discount Rate - A discount rate of 3.50% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20-year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability. The discount rate did not incorporate a municipal bond rate.

Changes in the OPEB Healthcare Liability

	OPEB HEALTHCARE LIABILITY
Beginning Balance	<u>\$ 3,294,114</u>
Changes for the year:	
Service cost	209,560
Interest	72,650
Changes of assumptions or other input	(218,141)
Benefit payments	<u>(340,029)</u>
Net Changes	<u>(275,960)</u>
Ending Balance	<u>\$ 3,018,154</u>

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 6 - Post-Employment Benefits Other Than Pensions - Continued

Sensitivity of the OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the OPEB healthcare liability calculated using the healthcare cost trend rate of 6.5 percent decreasing to 5 percent, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.5 percent decreasing to 4 percent) or 1-percentage-point higher (7.5 percent decreasing to 6 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (5.5% decreasing to 4%)	Current Healthcare Cost Rate (6.5% decreasing to 5%)	1% Increase to Healthcare Cost Rate (7.5% decreasing to 6%)
OPEB healthcare liability	\$2,831,040	\$3,018,154	\$3,238,454

Sensitivity of the OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the OPEB healthcare liability calculated using the discount rate of 2.25 percent, as well as what the OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	1% Increase to Discount Rate (4.5%)
OPEB healthcare liability	\$3,191,598	\$3,018,154	\$2,853,587

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

For the year ended June 30, 2022, the District recognized OPEB healthcare expense of \$62,578

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$252,155	\$1,610,929
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	163,504	562,810
Employer contributions subsequent to the measurement date	-	-
Total	\$415,659	\$2,173,739

\$-0- reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the OPEB healthcare liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 6 - Post-Employment Benefits Other Than Pensions - Continued

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2023	\$(219,632)
2024	(219,632)
2025	(219,632)
2026	(219,632)
2027	(219,632)
Thereafter	(659,920)

Payables to the OPEB Healthcare Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended June 30, 2022.

NOTE 7 - Interfund Balance and Activity

Interfund transfers at June 30, 2022, were as follows:

<u>Transfer From</u>	<u>Transfers To</u>	<u>Amount</u>
General	Long-term capital improvement trust	\$ 210,000
Capital projects	Referendum debt	91,306
		<u>\$ 301,306</u>

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepays	\$ 1,375
Food service	Inventory	29,722
Restricted		
General	Referendum capital improvements	1,551,415
Special revenue trust	Donor specific expenditures	1,233,105
Food service	DPI regulation	1,658,477
Referendum debt service	Principal and interest	3,197,783
Community service	Specific expenditures	70,871
Long-term capital improvement	DPI regulation	220,037
Committed		
General	Post-employment obligations	935,355
Assigned		
General	Payroll and other benefits obligations	7,950,000

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 8 - Fund Balance and Net Position

<u>Governmental Activities</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
Special revenue	Donor specific expenses	\$ 1,233,105
Special revenue	DPI regulation	1,729,348
Debt service	Principal and interest	3,197,783
Capital projects	DPI regulation	220,037
Other activities	Referendum capital improvements	1,551,415
Other activities	Wisconsin Retirement System pension	13,683,899

NOTE 9 - Perpetual Trust

The District is a beneficiary of a charitable trust. This perpetual trust, administered by a third party trustee, provides an irrevocable right to receive unrestricted income distributions in perpetuity. The annual distributions are recorded as current year revenue in the special revenue trust fund.

NOTE 10 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 11 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

NOTE 12 - Subsequent Event

Subsequent to year end, a referendum passed allowing the District to issue general obligation bonds in an amount not to exceed \$74,750,000 for the public purpose of paying the cost of a school facility improvement project at the elementary and middle school buildings. As of December 2, 2022, no bonds had been issued.

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin**

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF HOLMEN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2022

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years

Pension Plan Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.16977155%	\$ (13,683,899)	\$ 29,057,277	-47.09%	106.02%
2020	0.17359199%	(10,837,588)	28,478,240	-38.06%	105.26%
2019	0.17537840%	(5,724,630)	27,243,060	-21.01%	102.96%
2018	0.18270000%	6,499,014	27,720,918	23.44%	96.45%
2017	0.18550000%	(5,508,186)	27,067,134	-20.35%	102.93%
2016	0.18640000%	1,536,713	26,829,095	5.73%	99.12%
2015	0.18480000%	3,002,837	26,821,623	11.20%	98.20%
2014	0.18640000%	(4,578,790)	25,881,034	-17.69%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

District Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 1,975,524	\$ (1,975,524)	\$ -	\$ 29,829,982	6.62%
2021	1,942,168	(1,942,168)	-	28,772,856	6.75%
2020	1,785,151	(1,785,151)	-	27,243,060	6.55%
2019	1,857,493	(1,857,493)	-	27,720,918	6.70%
2018	1,840,712	(1,840,712)	-	27,067,134	6.80%
2017	1,771,017	(1,771,017)	-	26,829,095	6.60%
2016	1,823,868	(1,823,868)	-	26,821,623	6.80%
2015	1,811,700	(1,811,700)	-	25,881,034	7.00%

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2022

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions:

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

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

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

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

SCHOOL DISTRICT OF HOLMEN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED JUNE 30, 2022

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS:

	2021	2020	2019	2018	2017
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Amortization Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30-year closed from date of participation in WRS	30-year closed from date of participation in WRS	30-year closed from date of participation in WRS	30-year closed from date of participation in WRS	30-year closed from date of participation in WRS
Asset Valuation Method:	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return	5.4%	5.4%	5.5%	5.5%	5.5%
Weighted Based on Assumed Rate for;					
Pre-retirement:	7.0%	7.0%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1 - 5.6%	0.1 - 5.6%	0.1 - 5.6%	0.1 - 5.6%	0.1 - 5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	2.1%	2.1%	2.1%
	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014
Retirement Age:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%)	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%)	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)

Mortality:

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

(Continued on page 45)

SCHOOL DISTRICT OF HOLMEN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED JUNE 30, 2022

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS:

	2016	2015	2014	2013
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Amortization Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30-year closed from date of participation in WRS	30-year closed from date of participation in WRS	30-year closed from date of participation in WRS	30-year closed from date of participation in WRS
Asset Valuation Method:	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%
Weighted Based on Assumed Rate for;				
Pre-retirement:	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%
Salary Increases				
Wage Inflation:	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1 - 5.6%	0.1 - 5.6%	0.1 - 5.6%	0.1 - 5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%
	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008
Retirement Age:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

Mortality:

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

SCHOOL DISTRICT OF HOLMEN
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2022

SCHEDULE OF CHANGES IN THE OPEB HEALTHCARE LIABILITY AND RELATED RATIOS

	Last 10 Fiscal Years					
	2017	2018	2019	2020	2021	2022
Total OPEB Healthcare Liability						
Service cost	\$ 436,928	\$ 462,412	\$ 475,128	\$ 186,197	\$ 233,943	\$ 209,560
Interest	129,592	141,986	147,901	104,980	72,306	72,650
Differences between expected and actual experience	(84,461)	-	(2,346,368)	-	308,189	-
Changes of assumptions or other input	-	-	(259,100)	218,005	(234,381)	(218,141)
Benefit payments	(15,840)	(97,828)	(231,120)	(272,645)	(365,125)	(340,029)
Net Changes in Total OPEB Healthcare Liability	466,219	506,570	(2,213,559)	236,537	14,932	(275,960)
Total OPEB Healthcare Liability - Beginning	4,283,415	4,749,634	5,256,204	3,042,645	3,279,182	3,294,114
Total OPEB Healthcare Liability - Ending (a)	\$ 4,749,634	\$ 5,256,204	\$ 3,042,645	\$ 3,279,182	\$ 3,294,114	\$ 3,018,154
Covered payroll	\$ 25,186,451	\$ 26,525,707	\$ 24,920,479	\$ 24,920,479	\$ 27,761,207	\$ 27,761,207
OPEB Healthcare liability as a percentage of covered payroll	18.86%	19.82%	12.21%	13.16%	11.87%	10.87%

SCHEDULE OF CONTRIBUTIONS

	Last 10 Fiscal Years					
	2017	2018	2019	2020	2021	2022
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,186,451	\$ 26,525,707	\$ 24,920,479	\$ 24,920,479	\$ 27,761,207	\$ 27,761,207
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Actuarial valuation date	6/30/2016	6/30/2016	6/30/2018	6/30/2018	6/30/2020	6/30/2020
Measurement date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2022

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 20-year AA municipal bond %, 3.5% discount rate, 3% salary increases, Wisconsin 2018 mortality table.

Changes of assumptions - No significant change in assumptions were noted from the prior year.

SCHOOL DISTRICT OF HOLMEN
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	GENERAL	SPECIAL EDUCATION	TOTAL	GENERAL	SPECIAL EDUCATION	TOTAL	GENERAL	SPECIAL EDUCATION	TOTAL	
	REVENUE									
Property taxes	\$ 13,170,261	\$ -	\$ 13,170,261	\$ 13,170,261	\$ -	\$ 13,170,261	\$ 13,170,147	\$ -	\$ 13,170,147	\$ (114)
Other local sources	258,997	-	258,997	250,397	-	250,397	295,975	-	295,975	45,578
Interdistrict sources	1,298,165	105,625	1,403,790	1,728,570	105,625	1,834,195	1,760,117	101,453	1,861,570	27,375
Intermediate sources	-	14,000	14,000	-	14,000	14,000	5,330	26,283	31,613	17,613
State sources	35,740,752	2,305,000	38,045,752	35,763,986	2,305,000	38,068,986	35,773,191	2,369,828	38,143,019	74,033
Federal sources	659,805	844,330	1,504,135	1,636,876	1,067,479	2,704,355	1,700,012	1,004,966	2,704,978	623
Other sources	85,000	-	85,000	153,909	-	153,909	336,104	-	336,104	182,195
TOTAL REVENUE	51,212,980	3,268,955	54,481,935	52,703,999	3,492,104	56,196,103	53,040,876	3,502,530	56,543,406	347,303
EXPENDITURES										
Current										
Instruction										
Undifferentiated instruction	8,162,978	-	8,162,978	7,715,152	-	7,715,152	7,578,040	-	7,578,040	137,112
Regular instruction	11,399,101	-	11,399,101	11,407,817	-	11,407,817	11,226,354	-	11,226,354	181,463
Vocational instruction	1,119,349	-	1,119,349	1,066,074	-	1,066,074	1,147,662	-	1,147,662	(81,588)
Special instruction	-	6,740,729	6,740,729	-	6,598,047	6,598,047	-	6,669,683	6,669,683	(71,636)
Other instruction	2,252,923	-	2,252,923	2,124,566	-	2,124,566	2,139,733	-	2,139,733	(15,167)
Total instruction	22,934,351	6,740,729	29,675,080	22,313,609	6,598,047	28,911,656	22,091,789	6,669,683	28,761,472	150,184
Support services										
Pupil services	1,600,724	1,143,258	2,743,982	1,722,838	1,179,188	2,902,026	1,818,579	1,134,832	2,953,411	(51,385)
Instructional staff services	3,760,828	258,169	4,018,997	3,539,113	266,144	3,805,257	3,568,645	257,534	3,826,179	(20,922)
General administration services	534,336	-	534,336	526,381	-	526,381	498,591	-	498,591	27,790
Building administration services	2,523,539	-	2,523,539	2,458,984	-	2,458,984	2,490,300	-	2,490,300	(31,316)
Business services	6,606,207	242,519	6,848,726	6,475,674	210,209	6,685,883	6,872,950	198,826	7,071,776	(385,893)
Central services	643,253	12,643	655,896	534,562	16,260	550,822	504,494	14,142	518,636	32,186
Insurance	414,291	-	414,291	379,291	-	379,291	369,306	-	369,306	9,985
Other support services	1,000,846	5,771	1,006,617	952,596	17,771	970,367	914,923	13,290	928,213	42,154
Total support services	17,084,024	1,662,360	18,746,384	16,589,439	1,689,572	18,279,011	17,037,788	1,618,624	18,656,412	(377,401)
Non-program transactions	4,883,060	763,032	5,646,092	5,309,164	901,054	6,210,218	5,333,493	1,093,051	6,426,544	(216,326)
Debt service										
Principal	35,107	-	35,107	46,312	-	46,312	46,312	-	46,312	-
Interest	12,243	-	12,243	14,785	-	14,785	14,785	-	14,785	-
Total debt service	47,350	-	47,350	61,097	-	61,097	61,097	-	61,097	-
Capital outlay	1,163,862	-	1,163,862	1,062,336	26,352	1,088,688	1,025,337	28,884	1,054,221	34,467
TOTAL EXPENDITURES	46,112,647	9,166,121	55,278,768	45,335,645	9,215,025	54,550,670	45,549,504	9,410,242	54,959,746	(409,076)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	5,100,333	(5,897,166)	(796,833)	7,368,354	(5,722,921)	1,645,433	7,491,372	(5,907,712)	1,583,660	(61,773)
OTHER FINANCING (USES) SOURCES										
Transfer (to) from other funds	(5,907,166)	5,897,166	(10,000)	(5,932,921)	5,722,921	(210,000)	(6,117,712)	5,907,712	(210,000)	-
NET CHANGE IN FUND BALANCE	(806,833)	-	(806,833)	1,435,433	-	1,435,433	1,373,660	-	1,373,660	(61,773)
FUND BALANCE - BEGINNING OF YEAR	17,779,420	-	17,779,420	17,779,420	-	17,779,420	17,779,420	-	17,779,420	-
FUND BALANCE - END OF YEAR	\$ 16,972,587	\$ -	\$ 16,972,587	\$ 19,214,853	\$ -	\$ 19,214,853	\$ 19,153,080	\$ -	\$ 19,153,080	\$ (61,773)

The accompanying notes are an integral part of this schedule.

SCHOOL DISTRICT OF HOLMEN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED JUNE 30, 2022

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by a Board of Education resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
3. 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.
4. Pursuant to the budget hearing, the Board of Education may make alterations to the proposed budget.
5. After the Board of Education (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 Board of Education.
6. Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.
7. Encumbrance accounting is not used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

<u>Fund</u>	<u>Function</u>	<u>Excess Expenditures</u>
General/Special Education	Vocational instruction	\$ 81,588
General/Special Education	Special instruction	71,636
General/Special Education	Other instruction	15,167
General/Special Education	Instructional staff services	20,922
General/Special Education	Pupil services	51,385
General/Special Education	Building administration services	31,316
General/Special Education	Business services	385,893
General/Special Education	Non-program transactions	216,326

SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF HOLMEN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

<u>ASSETS</u>	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	LONG-TERM CAPITAL IMPROVEMENT TRUST	
Cash and investments	\$ 1,248,046	\$ 1,693,699	\$ 93,868	\$ 220,037	\$ 3,255,650
Receivables					
Accounts	7,509	34,107	-	-	41,616
Due from other governments	868	46,296	-	-	47,164
Inventories	-	29,722	-	-	29,722
	\$ 1,256,423	\$ 1,803,824	\$ 93,868	\$ 220,037	\$ 3,374,152
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 23,318	\$ 12,980	\$ 22,997	\$ -	\$ 59,295
Accrued payroll liabilities	-	17,286	-	-	17,286
Unearned revenue	-	85,359	-	-	85,359
TOTAL LIABILITIES	23,318	115,625	22,997	-	161,940
 FUND BALANCES					
Nonspendable	-	29,722	-	-	29,722
Restricted	1,233,105	1,658,477	70,871	220,037	3,182,490
TOTAL FUND BALANCES	1,233,105	1,688,199	70,871	220,037	3,212,212
	\$ 1,256,423	\$ 1,803,824	\$ 93,868	\$ 220,037	\$ 3,374,152

SCHOOL DISTRICT OF HOLMEN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	CAPITAL PROJECTS	LONG-TERM	
					CAPITAL IMPROVEMENT TRUST	
REVENUE						
Property taxes	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
Other local sources	1,071,911	818,639	-	414	37	1,891,001
State sources	-	109,851	-	-	-	109,851
Federal sources	-	3,309,052	-	-	-	3,309,052
Other sources	-	715	-	-	-	715
TOTAL REVENUE	1,071,911	4,238,257	100,000	414	37	5,410,619
EXPENDITURES						
Current						
Instruction						
Undifferentiated instruction	40,103	-	-	-	-	40,103
Regular instruction	38,001	-	-	-	-	38,001
Vocational instruction	5,400	-	-	-	-	5,400
Other instruction	774,315	-	-	-	-	774,315
Total instruction	<u>857,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>857,819</u>
Support service						
Pupil services	9,947	-	-	-	-	9,947
Instructional staff services	13,091	-	-	-	-	13,091
General administration services	261	-	-	-	-	261
Business services	2,211	3,339,548	-	710	-	3,342,469
Central services	-	4,255	-	-	-	4,255
Other support services	-	5,104	-	982	-	6,086
Community services	-	-	79,478	-	-	79,478
Total support services	<u>25,510</u>	<u>3,348,907</u>	<u>79,478</u>	<u>1,692</u>	<u>-</u>	<u>3,455,587</u>
Non-program transactions	<u>29,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,476</u>
Capital outlay	<u>13,214</u>	<u>99,489</u>	<u>-</u>	<u>391,330</u>	<u>-</u>	<u>504,033</u>
TOTAL EXPENDITURES	926,019	3,448,396	79,478	393,022	-	4,846,915
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	145,892	789,861	20,522	(392,608)	37	563,704
OTHER FINANCING (USES) SOURCES						
Net transfer (to) from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,306)</u>	<u>210,000</u>	<u>118,694</u>
NET CHANGE IN FUND BALANCE	145,892	789,861	20,522	(483,914)	210,037	682,398
FUND BALANCES - BEGINNING OF YEAR	1,087,213	898,338	50,349	483,914	10,000	2,529,814
FUND BALANCES - END OF YEAR	\$ 1,233,105	\$ 1,688,199	\$ 70,871	\$ -	\$ 220,037	\$ 3,212,212

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2021	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2022	SUBRECIPIENT PASS-THROUGH EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE							
Wisconsin Department of Public Instruction							
<u>Child Nutrition Cluster</u>							
School Breakfast Program		10.553					
July 1, 2020 - June 30, 2021	2021-322562-DPI-SB-546		\$ 10,731	\$ 10,731	\$ -	\$ -	\$ -
July 1, 2021 - June 30, 2022	2022-322562-DPI-SB-546		-	544,799	554,362	9,563	-
Food Distribution		10.555					
July 1, 2021 - June 30, 2022	None		-	253,606	253,606	-	-
National School Lunch Program		10.555					
July 1, 2020 - June 30, 2021	2021-322562-DPI-NSL-547		49,497	49,497	-	-	-
July 1, 2021 - June 30, 2022	2022-322562-DPI-NSL-547		-	2,458,760	2,495,493	36,733	-
Special Milk Program for Children		10.556					
July 1, 2021 - June 30, 2022	2022-322562-DPI-SMP-561		89	5,680	5,591	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE - Child Nutrition Cluster			60,317	3,323,073	3,309,052	46,296	-
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction							
<u>Title IA Cluster</u>							
Title IA - Grants to Local Educational Agencies		84.010A					
July 1, 2020 - June 30, 2021	2021-322562-DPI-TIA-141		50,106	50,106	-	-	-
July 1, 2021 - June 30, 2022	2022-322562-DPI-TIA-141		-	81,579	130,613	49,034	-
Total Title IA Cluster			<u>50,106</u>	<u>131,685</u>	<u>130,613</u>	<u>49,034</u>	<u>-</u>
<u>Special Education Cluster</u>							
Special Education - Grants to States (IDEA Part B)		84.027A					
July 1, 2020 - June 30, 2021	2021-322562-DPI-IDEA-FT-341		226,694	226,694	-	-	-
July 1, 2021 - June 30, 2022	2022-322562-DPI-FLOW-341		-	482,689	766,447	283,758	-
Special Education - Preschool Grants (IDEA Preschool)		84.173A					
July 1, 2020 - June 30, 2021	2021-322562-DPI-IDEA-P-347		7,558	7,558	-	-	-
July 1, 2021 - June 30, 2022	2022-322562-DPI-PRESCH-347		-	12,340	17,584	5,244	-
Total Special Education Cluster			<u>234,252</u>	<u>729,281</u>	<u>784,031</u>	<u>289,002</u>	<u>-</u>
Career and Technical Education - Basic Grants to States (Perkins IV)		84.048					
July 1, 2020 - June 30, 2021	2021-322562-DPI-CTE-400		16,509	16,509	-	-	-
July 1, 2021 - June 30, 2022	2022-322562-DPI-CTE-400		-	12,686	16,926	4,240	-
			<u>16,509</u>	<u>29,195</u>	<u>16,926</u>	<u>4,240</u>	<u>-</u>
Title III - English Language Acquisition Grants		84.365A					
July 1, 2020 - June 30, 2021	2021-322562-DPI-TIIIA-391		5,532	5,532	-	-	-
July 1, 2021 - June 30, 2022	2022-322562-DPI-TIIIA-391		-	6,259	15,964	9,705	-
			<u>5,532</u>	<u>11,791</u>	<u>15,964</u>	<u>9,705</u>	<u>-</u>

(Continued on page 52)

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED JUNE 30, 2022

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2021	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2022	SUBRECIPIENT PASS-THROUGH EXPENDITURES
U.S. DEPARTMENT OF EDUCATION - Continued							
Wisconsin Department of Public Instruction - Continued							
Student Support and Academic Enrichment (Title IV)		84.424A					
July 1, 2021 - June 30, 2022	2022-322562-DPI-TIVA-381		\$ -	\$ 14,170	\$ 23,131	\$ 8,961	\$ -
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D					
July 1, 2021 - June 30, 2022	2022-322562-DPI-ESSERFII-163		66,296	268,443	721,233	519,086	-
Title II-A - Improving Teacher Quality State Grants		84.367A					
July 1, 2020 - June 30, 2021	2021-322562-DPI-TIIA-365		17,957	17,957	-	-	-
July 1, 2021 - June 30, 2022	2022-322562-DPI-TIIA-365		-	64,335	80,284	15,949	-
			17,957	82,292	80,284	15,949	-
TOTAL U.S. DEPARTMENT OF EDUCATION			390,652	1,266,857	1,772,182	895,977	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Wisconsin Department of Health Services							
Medical Assistance		93.778					
July 1, 2020 - June 30, 2021	None		16,840	16,840	-	-	-
July 1, 2021 - June 30, 2022	None		-	308,682	324,452	15,770	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			16,840	325,522	324,452	15,770	-
TOTAL FEDERAL AWARDS			\$ 467,809	\$ 4,915,452	\$ 5,405,686	\$ 958,043	\$ -

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School District of Holmen and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified 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. The School District of Holmen has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used in the amount of \$253,606 during the fiscal year ended June 30, 2022.

Note 4 - 10% De Minimis Cost Rate

Elected not to use.

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH		RECEIVABLE	REVENUE		RECEIVABLE	SUBRECIPIENT PASS-THROUGH EXPENDITURES
	ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	(UNEARNED REVENUE) JULY 1, 2021	GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2022	
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	322562-100	255.101	\$ -	\$ 2,345,917	\$ 2,345,917	\$ -	\$ -
Special Education and School Age Parents - via CESA #4	None	255.101	-	15,566	15,566	-	-
State School Lunch Aid	322562-107	255.102	-	77,149	77,149	-	-
Common School Fund Library Aid	322562-104	255.103	-	156,369	156,369	-	-
Bilingual/Bicultural Aid	322562-111	255.106	-	62,241	62,241	-	-
General Transportation Aid	322562-102	255.107	-	98,503	98,503	-	-
Equalization Aid	322562-116	255.201	482,486	32,753,125	32,270,639	-	-
School Breakfast Program	322562-108	255.344	-	32,702	32,702	-	-
Early College Credit Program	322562-178	255.445	-	790	790	-	-
Educator Effectiveness Evaluation System	322562-154	255.940	-	32,080	32,080	-	-
Per Pupil Aid	322562-113	255.945	-	3,019,940	3,019,940	-	-
Career and Technical Education Incentive	322562-171	255.950	-	-	22,786	22,786	-
Robotics League Grant	322562-167	255.959	4,966	4,966	4,359	4,359	-
Aid for Special Education Transition Grant BBL	322562-168	255.960	-	23,911	23,911	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			<u>487,452</u>	<u>38,623,259</u>	<u>38,162,952</u>	<u>27,145</u>	<u>-</u>
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
Peer Review Mentor Grant	None	None	545	545	13,693	13,693	-
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid	None	None	8,063	8,063	8,063	8,063	-
Exempt Personal Property	None	None	-	71,610	71,610	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			<u>8,063</u>	<u>79,673</u>	<u>79,673</u>	<u>8,063</u>	<u>-</u>
TOTAL STATE FINANCIAL ASSISTANCE			\$ 496,060	\$ 38,703,477	\$ 38,256,318	\$ 48,901	\$ -

Note 1 - Basis of Presentation

The accompanying schedule of state financial assistance includes the state grant activity of the School District of Holmen. The information in this schedule is presented in accordance with the requirements of the State Single Audit Guidelines, issued by the Wisconsin Department of Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule of state financial assistance are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Special Education and School Age Parents Program

2021-2022 eligible costs under the State Special Education Program are \$8,438,720.

SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin

OTHER REPORTS



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

To the Board of Education
School District of Holmen
Holmen, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Holmen (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2022.

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) to determine the 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 District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of 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 determination of financial statement amounts. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was 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.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
December 2, 2022



**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
AND STATE SINGLE AUDIT GUIDELINES**

To the Board of Education
School District of Holmen
Holmen, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on School District of Holmen's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about School District of Holmen's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and *State Single Audit Guidelines*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School District of Holmen's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District of Holmen's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of School District of Holmen's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and 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 and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
December 2, 2022

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to the financial statements noted? X Yes _____ No

Federal Awards

Internal control over financial reporting:

- Material weakness identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ Yes X No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.556	Child Nutrition Cluster
84.027/84.173	Special Education Cluster (IDEA)
93.778	Medical Assistance

State Assistance

Internal control over state assistance:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Wisconsin Public School District Manual*? _____ Yes X No

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2022

Section I - Summary of Auditors' Results - Continued

State Assistance - Continued

Identification of state programs tested:

<u>State ID Numbers</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	General Aids Cluster
255.945	Per Pupil Aids

Dollar threshold used to distinguish between	
Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings and Questioned Costs

2022-001 - Actual Expenditures Over Budget

Program: General Fund

Criteria: Wisconsin Statute 120.16(2) prohibits spending more than budgeted expenditures.

Condition: The District spent \$409,076 more than their adopted budget.

Questioned Costs: Not applicable.

Context: The District monitors the budget closely but had significant unexpected expenditures at year end. Expenditures included technology items that had been on backorder but arrived unexpectedly and HVAC issues that needed to be addressed immediately.

Effect: The District is not in compliance with Wisconsin Statutes.

Information: Isolated instance

Prior Year Finding: This was not a prior year finding.

Recommendation: The District should formally amend the budget to ensure total actual expenditures do not exceed total budgeted expenditures.

Management's Response: The District closely monitors the budget and formally amends it when necessary. There were unforeseen circumstances at year end that required the actual expenditures to exceed the budget.

Section III - Federal and State Award Findings and Questioned Costs - None



School District of Holmen

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Summary Schedule of Prior Audit Findings

2021-001 – Special Education Licensing – Cleared

Corrective Action Plan

2022-001 – Excess of Actual Expenditures Over Budget – Contact: Julie Holman, Executive Director of Finance and Operations. Completion date: June 30, 2023. The District closely monitors the budget and formally amends it when necessary. There were unforeseen circumstances at year end that required the actual expenditures to exceed the budget.