

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021

SCHOOL DISTRICT OF REEDSBURG
TABLE OF CONTENTS
JUNE 30, 2021

<u>Page</u>	
3-5	Independent Auditors' Report
6-14	Management's Discussion and Analysis
	<u>BASIC FINANCIAL STATEMENTS</u>
	<u>District-Wide Financial Statements</u>
15	Statement of Net Position
16	Statement of Activities
	<u>Fund Financial Statements</u>
17	Balance Sheet - Governmental Funds
18	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
19	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
20-44	Notes to the Basic Financial Statements
	<u>REQUIRED SUPPLEMENTARY INFORMATION</u>
45	Budgetary Comparison Schedule for the General Fund - Budget and Actual
46	Notes to Required Supplementary Information on Budgetary Accounting and Control
47	Wisconsin Retirement System Pension Schedules
48	Wisconsin Retirement System Local Retiree Life Insurance Fund Schedules
49	Supplemental Pension Defined Benefit Plan Schedules
50	OPEB Healthcare Defined Benefit Plan Schedules
	<u>SUPPLEMENTARY INFORMATION</u>
51	Combining Balance Sheets - Nonmajor Governmental Funds

SCHOOL DISTRICT OF REEDSBURG
TABLE OF CONTENTS - Continued
JUNE 30, 2021

Page

SUPPLEMENTARY INFORMATION - Continued

52	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
53	Schedule of Expenditures of Federal Awards
54	Schedule of State Financial Assistance
55	Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

OTHER REPORTS

56-57	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 <i>Government Auditing Standards</i>
58-59	Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and <i>State Single Audit Guidelines</i>
60-62	Schedule of Findings and Questioned Costs
63	Summary Schedule of Prior Audit Findings and Corrective Action Plan

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Reedsburg, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District of Reedsburg's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Wisconsin Retirement System pension schedules, Wisconsin Retirement System local retiree life insurance fund schedules, supplemental pension defined benefit plan schedule, and OPEB healthcare defined plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Reedsburg's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the School District of Reedsburg'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 the School District of Reedsburg's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in black ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Manitowoc, Wisconsin
November 29, 2021

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS



501 K Street | Reedsburg, WI 53959 | (608) 524-2016 | www.rsd.k12.wi.us

Management's Discussion and Analysis

As management of the School District of Reedsburg ("District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's basic financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

Total governmental activities revenue was \$42,064,259; including \$12,603,540 of property taxes, and \$22,664,057 of general state and federal aid. Total governmental activities expenditures were \$38,874,446; including \$20,361,549 for direct instruction.

The District's financial status, as reflected in total net position, increased by \$3,189,813.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

The major features of the District's financial statements, including the activities reported and the type of information contained is shown in the following table.

Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Governmental
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.
Required financial statements	Statement of net position. Statement of activities.	Balance Sheet. Statement of revenues, expenditures and changes in fund balance.
Basis of accounting and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; received during or soon after expenditures when goods or services have been received and the related liability are due and payable.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of activities reports all revenues and expenses used to support the District. The statement of net position reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, food service, community programs and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has one kind of fund:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2021 compared to 2020. The District's combined net position increased by \$3,189,813. Specific causes of the increase are discussed later in this document.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2021</u>	<u>2020</u>	<u>2020 - 2021</u>
Current and other assets	\$ 23,200	\$ 20,690	12.1%
Capital assets	<u>46,651</u>	<u>45,637</u>	2.2%
Total assets	<u><u>69,851</u></u>	<u><u>66,327</u></u>	5.3%
Deferred outflows of resources	<u>12,224</u>	<u>8,788</u>	39.1%
Long-term liabilities			
outstanding	29,429	30,335	-3.0%
Other liabilities	<u>4,874</u>	<u>4,881</u>	-0.1%
Total liabilities	<u><u>34,304</u></u>	<u><u>35,216</u></u>	-2.6%
Deferred inflows of resources	<u>16,422</u>	<u>11,740</u>	39.9%
Net position:			
Net investment in capital assets	19,125	18,732	2.1%
Restricted	9,455	6,993	35.2%
Unrestricted	<u>2,769</u>	<u>2,435</u>	-13.7%
Total net position	<u><u>\$ 31,350</u></u>	<u><u>\$ 28,160</u></u>	11.3%

Note: Totals may not add due to rounding.

Table 2			
Changes in Net Position			
(in thousands of dollars)			
	Governmental Activities		Total % Change
	2021	2020	2020 - 2021
Revenues			
Program revenues			
Charges for services	\$ 191	\$ 575	-66.8%
Operating grants and contributions	4,753	4,578	3.8%
Capital grants and contributions	-	345	-100.0%
General revenues			
Property taxes	12,604	12,638	-0.3%
State and federal aid	22,664	21,496	5.4%
Other	1,853	1,787	3.7%
Total revenues	<u>42,064</u>	<u>41,419</u>	1.6%
Expenses			
Instruction	20,362	21,580	-5.6%
Pupil and instructional services	3,751	3,574	5.0%
Administration and business	10,444	6,994	49.3%
Interest on debt	899	936	-4.0%
Other	3,419	3,419	0.0%
Total expenses	<u>38,874</u>	<u>36,503</u>	6.5%
Change in net position	3,190	4,915	35.1%
Net position - beginning of year	28,160	22,946	22.7%
Change in accounting principle	-	298	-100.0%
Net position - end of year	<u>\$ 31,350</u>	<u>\$ 28,160</u>	11.3%
Note: Totals may not add due to rounding.			

Table 2 provides summarized operating results and their impact on net position.

The District relies primarily on state and federal aids (54%) and property taxes (30%) to fund governmental activities. These two funding sources make up 84% of the total revenues.

Table 3 presents the cost of the five major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities
(in thousands of dollars)

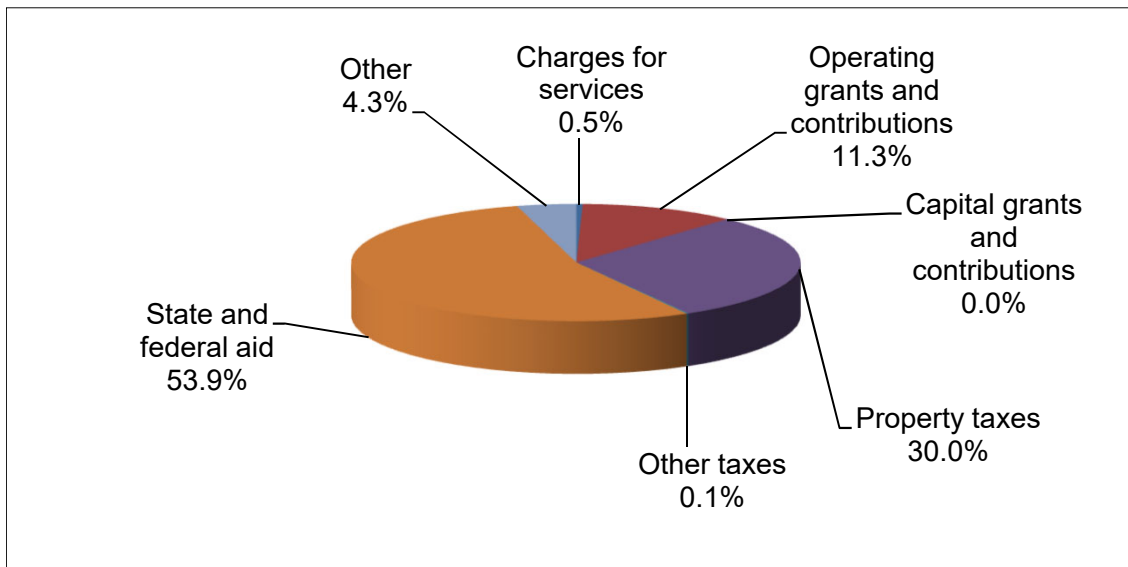
	Net Cost of Services		Total % Change
	2021	2020	2020 - 2021
Instruction	\$ 17,070	\$ 18,192	-6.2%
Pupil and instructional services	3,631	3,442	5.5%
Administration and business	8,913	5,027	77.3%
Interest on debt	899	936	-4.0%
Other	3,418	3,408	0.3%
Total	\$ 33,930	\$ 31,005	9.4%

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$38,874,446. Individuals who directly participated or benefited from a program offering paid for \$191,063 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$4,753,044. The net cost of governmental activities, \$33,930,339, was financed by general revenues of the District.

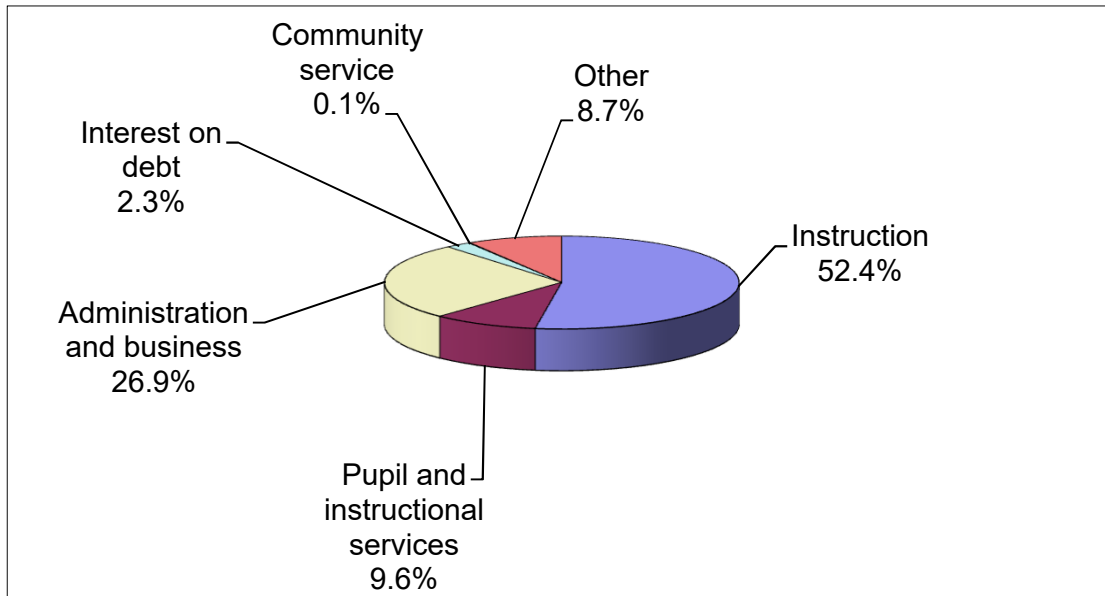
The composition of governmental revenues by type and expenditures by type are illustrated below.

Governmental Activities Revenue by Type
Chart 1



Note: Totals may not add to 100% due to rounding.

Governmental Activities Expenditure by Type
Chart 2



Note: Totals may not add to 100% due to rounding.

The District completed the year with a total governmental fund balance of \$11,228,426 down from last year's ending fund balance of \$12,258,899.

The general fund had an increase in fund balance of \$3,594.

The referendum approved debt service fund had an increase in fund balance of \$523,077.

The other governmental funds had a decrease in fund balance of \$1,557,144.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year. Consistent with current state statutes and regulations an original budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified.

While the District's final budget for the general fund anticipated that expenses would exceed revenues by \$871,659 the actual results for the year show a \$3,594 increase.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the District had invested \$74,814,485 in capital assets, including land, land improvements, buildings, and equipment (See Table 4). Total accumulated depreciation on these assets is \$28,163,080. Asset acquisitions for governmental activities totaled \$2,688,126. The District recognized depreciation expense of \$1,673,880 for governmental activities. Detailed information about capital assets can be found in the notes to the financial statements.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2021</u>	<u>2020</u>	<u>2020 - 2021</u>
Land	\$ 1,755	\$ 1,755	0.0%
Land improvements	20	-	N/A
Buildings	62,192	59,622	4.3%
Equipment	10,847	10,642	1.9%
Construction in progress	-	465	-100.0%
Accumulated depreciation	<u>(28,163)</u>	<u>(26,847)</u>	4.9%
Total	<u>\$ 46,651</u>	<u>\$ 45,637</u>	2.2%

Note: Totals may not add due to rounding.

Long-Term Obligations

At year-end, the District had \$29,429,243 in bonds, notes payable, and other long-term debt outstanding - an decrease of 3% from last year (see Table 5). Detailed information about the District's long-term obligations are presented in the notes to the financial statements.

Table 5
Outstanding Long-Term Obligations
(in thousands of dollars)

	Total		Total % Change
	2021	2020	2020 - 2021
General obligation debt	\$ 26,585	\$ 27,700	-4.0%
Other	2,844	2,635	7.9%
Total	<u>\$ 29,429</u>	<u>\$ 30,335</u>	-3.0%

Note: Totals may not add due to rounding.

The District retired \$1,115,000 of bonds and notes payable during the year and other transactions decreased total debt by \$209,468.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

FACTORS BEARING ON THE DISTRICT’S FUTURE

Currently known circumstances that will impact the District’s financial status in the future are:

The State of Wisconsin has an open enrollment law that allows students to attend school districts of their choice with few restrictions. The state adjusts each district’s general aid payment based on the number of students who transfer. This year 163 non-resident open enrollment students attended the School District of Reedsburg with 196 School District of Reedsburg students attending other schools through the open enrollment program. The number of outgoing students exceeds incoming students by 33. It is important for the District to maintain the quality of instruction and physical property to remain competitive in the open enrollment environment.

Enrollment decreased for the 2020 - 2021 school year by 199 students.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This 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 questions about this report or need additional financial information contact Debra Michel, Director of Business Services, School District of Reedsburg, 501 K Street, Reedsburg, WI 53959-1825. Telephone: (608)524-2016 ext. 2004.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF REEDSBURG

STATEMENT OF NET POSITION

JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 11,028,576
Receivables	
Accounts	150
Taxes	3,615,729
Due from other governments	1,134,162
Inventories	91,714
Wisconsin Retirement System net pension	7,329,231
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	1,754,957
Capital assets being depreciated	44,896,448
TOTAL ASSETS	69,850,967
 DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	11,484,531
Wisconsin Retirement System LRLIF	679,289
OPEB healthcare	60,557
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,224,377
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
	82,075,344
 LIABILITIES	
Accounts payable	235,845
Self insurance claims payable	21,883
Accrued liabilities	
Payroll, payroll taxes, insurance	4,214,687
Interest	232,505
Deposits payable	61,051
Unearned revenue	108,439
Current portion of long-term obligations	1,373,586
Noncurrent portion of long-term obligations	28,055,657
TOTAL LIABILITIES	34,303,653
 DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	16,066,707
Wisconsin Retirement System LRLIF	187,943
OPEB healthcare	167,535
TOTAL DEFERRED INFLOWS OF RESOURCES	16,422,185
 NET POSITION	
Net investment in capital assets	19,125,468
Restricted for	
Special revenue	335,642
Debt service	1,728,252
Other activities	7,390,988
Unrestricted	2,769,156
TOTAL NET POSITION	31,349,506
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
	\$ 82,075,344

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES					
Instruction					
Regular instruction	\$ 12,273,015	\$ 51,857	\$ -	\$ -	\$ (12,221,158)
Vocational instruction	1,265,108	2,715	-	-	(1,262,393)
Special instruction	4,771,933	-	2,880,296	-	(1,891,637)
Other instruction	2,051,493	62,351	294,775	-	(1,694,367)
Total instruction	<u>20,361,549</u>	<u>116,923</u>	<u>3,175,071</u>	<u>-</u>	<u>(17,069,555)</u>
Support services					
Pupil services	1,678,424	-	-	-	(1,678,424)
Instructional staff services	2,072,511	-	120,009	-	(1,952,502)
General administration services	504,173	-	-	-	(504,173)
Building administration services	1,801,230	-	-	-	(1,801,230)
Business services	8,138,390	73,233	1,457,964	-	(6,607,193)
Central services	254,949	-	-	-	(254,949)
Insurance	328,694	-	-	-	(328,694)
Interest and other	898,944	-	-	-	(898,944)
Other support services	59,956	-	-	-	(59,956)
Community services	49,145	907	-	-	(48,238)
Total support services	<u>15,786,416</u>	<u>74,140</u>	<u>1,577,973</u>	<u>-</u>	<u>(14,134,303)</u>
Non-program transactions	<u>2,726,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,726,481)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 38,874,446</u>	<u>\$ 191,063</u>	<u>\$ 4,753,044</u>	<u>\$ -</u>	<u>(33,930,339)</u>

General revenues

Taxes	
Property taxes	12,603,540
Other taxes	58,208
State and federal aids not restricted to specific functions	22,664,057
Interest and investment earnings	6,117
Miscellaneous	1,788,230
Total general revenues	<u>37,120,152</u>

CHANGE IN NET POSITION	3,189,813
NET POSITION - BEGINNING OF YEAR	<u>28,159,693</u>
NET POSITION - END OF YEAR	<u>\$ 31,349,506</u>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	GENERAL FUND	DEBT SERVICE FUND REFERENDUM APPROVED	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ 8,292,940	\$ 1,728,252	\$ 1,007,384	\$ 11,028,576
Receivables				
Accounts	-	-	150	150
Taxes	3,615,729	-	-	3,615,729
Due from other governments	1,064,090	-	70,072	1,134,162
Inventories	91,714	-	-	91,714
TOTAL ASSETS	13,064,473	1,728,252	1,077,606	15,870,331
LIABILITIES				
Accounts payable	197,450	-	38,395	235,845
Self insurance claims payable	21,883	-	-	21,883
Accrued payroll liabilities	4,186,393	-	28,294	4,214,687
Deposits payable	61,051	-	-	61,051
Unearned revenue	-	-	108,439	108,439
TOTAL LIABILITIES	4,466,777	-	175,128	4,641,905
FUND BALANCES				
Nonspendable	91,714	-	-	91,714
Restricted	61,757	1,728,252	335,642	2,125,651
Committed	1,000,000	-	-	1,000,000
Assigned	-	-	566,836	566,836
Unassigned	7,444,225	-	-	7,444,225
TOTAL FUND BALANCES	8,597,696	1,728,252	902,478	11,228,426
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,064,473	1,728,252	\$ 1,077,606	

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 asset	\$ 74,814,485	
Governmental accumulated depreciation	(28,163,080)	46,651,405

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:

3,238,401

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:

(106,978)

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	\$ (27,525,937)	
Accrued interest	(232,505)	
WRS liability	(1,572,986)	
Vested employee benefits	(52,337)	
Net OPEB obligation	(277,983)	(29,661,748)

Total net position - governmental activities

\$ 31,349,506

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	GENERAL FUND	DEBT SERVICE FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
		REFERENDUM APPROVED			
REVENUES					
Property taxes	\$ 9,986,748	\$ 2,600,000		\$ 75,000	\$ 12,661,748
Other local sources	171,620	1,546		324,056	497,222
Interdistrict sources	1,480,833	-		-	1,480,833
Intermediate sources	169,338	-		-	169,338
State sources	23,211,788	-		25,396	23,237,184
Federal sources	2,416,555	-		1,302,149	3,718,704
Other sources	298,991	-		239	299,230
TOTAL REVENUES	37,735,873	2,601,546		1,726,840	42,064,259
EXPENDITURES					
Current					
Instruction					
Regular instruction	13,077,624	-		-	13,077,624
Vocational instruction	1,346,400	-		-	1,346,400
Special instruction	5,083,292	-		-	5,083,292
Other instruction	1,808,710	-		287,100	2,095,810
Total instruction	21,316,026	-		287,100	21,603,126
Support services					
Pupil services	1,799,449	-		-	1,799,449
Instructional staff services	2,114,390	-		-	2,114,390
General administration services	526,526	-		-	526,526
Building administration services	1,928,222	-		-	1,928,222
Business services	4,873,421	-		1,162,682	6,036,103
Central services	216,960	-		396	217,356
Insurance	328,694	-		-	328,694
Other support services	132,944	-		-	132,944
Community services	-	-		38,195	38,195
Total support services	11,920,606	-		1,201,273	13,121,879
Non-program transactions	2,726,481	-		-	2,726,481
Debt service					
Principal	-	1,115,000		-	1,115,000
Interest	-	963,469		-	963,469
Total debt service	-	2,078,469		-	2,078,469
Capital outlay	1,769,166	-		1,795,611	3,564,777
TOTAL EXPENDITURES	37,732,279	2,078,469		3,283,984	43,094,732
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,594	523,077		(1,557,144)	(1,030,473)
NET CHANGE IN FUND BALANCE	3,594	523,077		(1,557,144)	(1,030,473)
FUND BALANCE - BEGINNING OF YEAR	8,594,102	1,205,175		2,459,622	12,258,899
FUND BALANCE - END OF YEAR	\$ 8,597,696	1,728,252		\$ 902,478	\$ 11,228,426

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds \$ (1,030,473)

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

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 expenses in the statement of activities.

Capital outlay reported in fund statements	\$	3,564,777	
Less noncapitalized outlay		(876,651)	
Depreciation expense reported in the statement of activities		<u>(1,673,880)</u>	
Amount by which capital outlays are greater than depreciation in the current period:			1,014,246

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:			10,484
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Wisconsin Retirement System asset, deferred outflows of resources, liability, and deferred inflows of resources changes:			2,130,611
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Wisconsin Retirement System LRLIF asset, deferred outflows of resources, liability, and deferred inflows of resources changes:			(196,279)
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OPEB supplemental pension deferred outflows of resources, liability, and deferred inflows of resources changes:			96,465
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OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes:			(14,766)
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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:			1,115,000
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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 accrues.

Amount of interest and other debt costs paid during the current period is	\$	963,469	
Amount of interest and other debt costs accrued during the current period is		<u>(898,944)</u>	
Interest paid is greater than interest accrued by:			<u>64,525</u>

Change in net position - governmental activities \$ 3,189,813

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the School District of Reedsburg (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 Reedsburg 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 twenty taxing districts.

The District's basic financial statements do not include any components 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 revenues, and other nonexchange transactions.

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

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

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

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. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. 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 revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. All property taxes are considered due on January 1, when an enforceable lien 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.

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 revenues 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.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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 and improvements	\$5,000	Straight-line	50 years
Land improvements	\$5,000	Straight-line	5-15 years
Furniture and equipment	\$5,000	Straight-line	5-15 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 vacation benefits, 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.

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

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 local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post employment benefits, OPEB expense (revenue), and information

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 three items that qualify for reporting in this category. They are Wisconsin Retirement System pension, Wisconsin Retirement System Local Retiree Life Insurance Fund (LRLIF), and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, 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 three types of items, Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare which qualify for reporting in this category. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, 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.

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.

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 Business Manager to assign fund balances

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

through its 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.

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.

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 currently has no items requiring recurring fair value measurements.

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 Wisconsin Investment Series Cooperative is rated AAAM.

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, 2021, \$2,000,000 of the District's bank balance of \$11,107,601 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government or municipal securities held by the bank in the bank's name and a letter of credit. \$8,191,019 was uninsured and uncollateralized.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 3 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,754,957	\$ -	\$ -	\$ 1,754,957
Construction in progress	465,093	-	(465,093)	-
Total capital assets not being depreciated	<u>2,220,050</u>	<u>-</u>	<u>(465,093)</u>	<u>1,754,957</u>
Capital assets being depreciated:				
Land improvements	-	20,141	-	20,141
Buildings and improvements	59,622,317	2,569,761	-	62,192,078
Equipment	10,641,529	563,317	(357,537)	10,847,309
Total capital assets being depreciated	<u>70,263,846</u>	<u>3,153,219</u>	<u>(357,537)</u>	<u>73,059,528</u>
Less accumulated depreciation for:				
Land improvements	-	(1,166)	-	(1,166)
Buildings and improvements	(19,535,896)	(1,318,899)	-	(20,854,795)
Equipment	(7,310,841)	(353,815)	357,537	(7,307,119)
Total accumulated depreciation	<u>(26,846,737)</u>	<u>(1,673,880)</u>	<u>357,537</u>	<u>(28,163,080)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>43,417,109</u>	<u>1,479,339</u>	<u>-</u>	<u>44,896,448</u>
Capital assets, net of accumulated depreciation	<u>\$ 45,637,159</u>	<u>\$ 1,479,339</u>	<u>\$ (465,093)</u>	<u>\$ 46,651,405</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 4,887
Vocational instruction	4,953
Other instruction	58,960
General administration services	4,098
Business services	1,578,304
Central services	13,675
Community services	9,003
Total	<u>\$ 1,673,880</u>

NOTE 4 - Long-Term Obligations

Long-term obligations are as follows:

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 4 - Long-Term Obligations - Continued

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds payable	\$ 27,700,000	\$ -	\$ (1,115,000)	\$ 26,585,000	\$ 1,155,000
Premium	997,100	-	(56,163)	940,937	56,162
Vested vacation pay	62,821	-	(10,484)	52,337	52,337
Wisconsin Retirement System					
LRLIF	1,222,553	350,433	-	1,572,986	-
OPEB supplemental pension	51,709	47,375	(32,609)	66,475	13,500
OPEB healthcare	<u>300,594</u>	<u>17,059</u>	<u>(106,145)</u>	<u>211,508</u>	<u>96,587</u>
Total	<u>\$ 30,334,777</u>	<u>\$ 414,867</u>	<u>\$ (1,320,401)</u>	<u>\$ 29,429,243</u>	<u>\$ 1,373,586</u>

In prior years, the general and food service funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$898,944 and total paid during the year aggregated \$963,469.

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, 2021 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	12/20/17	3%	4/1/37	\$ 6,790,000
Bonds	5/30/18	3-5%	4/1/38	<u>19,795,000</u>
Total				<u>\$ 26,585,000</u>

General Obligation Debt Limit Calculation - The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,589,357,608. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1) (b) of the Wisconsin Statutes follows:

Debt limit (10 percent of \$1,589,357,608)	\$ 158,935,761
Applicable long-term debt	(26,585,000)
Amount available in debt service fund	<u>1,728,252</u>
Margin of indebtedness	<u>\$ 134,079,013</u>

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

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 4 - Long-term Obligations - Continued

Year Ending June 30	Bonds		Total
	Principal	Interest	
2022	\$ 1,155,000	\$ 930,019	\$ 2,085,019
2023	1,200,000	887,269	2,087,269
2024	1,240,000	842,819	2,082,819
2025	1,280,000	805,619	2,085,619
2026	1,330,000	767,219	2,097,219
2027-2031	7,520,000	2,942,544	10,462,544
2032-2036	8,870,000	1,591,700	10,461,700
2037-2038	3,990,000	207,975	4,197,975
	<u>\$ 26,585,000</u>	<u>\$ 8,975,164</u>	<u>\$ 35,560,164</u>

NOTE 5 - Wisconsin Retirement System Pension

General Information about the Pension Plan

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

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

Benefits Provided - Employees who retire at or after age 65 (54 for protective 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.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

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
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)
2020	1.7	21

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 \$1,307,997 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2021, the District reported a liability (asset) of (\$7,329,231) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension 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, 2020, the District's proportion was 0.11739658%, which was a decrease of 0.00017601% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of \$(807,880).

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,607,648	\$ 2,284,868
Net differences between projected and actual earnings on pension plan investments	-	13,760,035
Changes in assumptions	166,241	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,425	21,804
Employer contributions subsequent to the measurement date	705,217	-
Total	\$ 11,484,531	\$ 16,066,707

\$705,217 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, 2022. 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:

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ (1,363,137)
2023	(370,570)
2024	(2,495,567)
2025	(1,058,119)
Thereafter	-

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

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns
As of December 31, 2020

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	.8
Inflation Sensitive Assets	16	2.0	(.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.4%

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

Single Discount Rate - A single discount rate of 7% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 2% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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 7 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 (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
District's proportionate share of the net pension liability (asset)	\$ 6,976,412	\$ (7,329,231)	\$ (17,836,620)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payables to the Pension Plan - The District reported a payable of \$244,678 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

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

OPEB Plan Fiduciary Net Position - ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

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

Contribution rates as of June 30, 2021 are:

Coverage Type	Employer Contribution
50% post retirement coverage	40% of employee contribution
25% post retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2020 are as listed below:

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$5,702 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEBs

At June 30, 2021, the District reported a liability (asset) of \$1,572,986 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.28596%, which was a decrease of 0.001146% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$201,983.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 75,058
Net differences between projected and actual earnings on OPEB plan investments	22,902	-
Changes in assumption	611,914	107,928
Changes in proportion and differences between employer contributions and proportionate share of contributions	44,473	4,957
Employer contributions subsequent to the measurement date	-	-
Total	\$ 679,289	\$ 187,943

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Zero was reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ 94,078
2023	91,602
2024	89,051
2025	81,583
Thereafter	135,032

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

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

Long-Term Expected Return on Plan Assets - The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

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

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Credit Bonds	Barclays Credit	50	1.47
US Mortgages	Barclays MBS	50	.82
Inflation			2.2
Long-term Expected Rate of Return			4.25

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.2% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate - A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's proportionate share of the net OPEB liability (asset)	\$ 2,139,711	\$ 1,572,986	\$ 1,144,389

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

NOTE 7 - Supplemental Pension Defined Benefit Plan

General Information about the Supplemental Pension Plan

Plan Description - The supplemental pension is a single employer defined benefit pension 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 - The benefit of active administrators is based on a minimum of 10 consecutive years of service in the District and having reached the age of 50 on December 31 of the school year when the benefit is to be received will receive \$13,500 into a 403(b) while employed for a maximum of 8 years or until employment ends, whichever occurs first. The benefit for teachers is based on a minimum 20 years of service in the District, having attained the age of 55 by June 30 in the year they retire.

Employees Covered - As of the June 30, 2021 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants for administrators. The plan is closed to new entrants for teachers.

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>6</u>
Total	<u><u>7</u></u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on 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, 2021, contribution rates for plan members was \$0 per participant per year and \$13,500 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$0 and the District contributed \$13,500 to the plan.

Actuarial Assumptions - The net supplemental pension liability in the June 30, 2020, 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, 2021
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	2.25%
Salary Increases:	3%
Mortality:	Wisconsin 2018 Mortality Table

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. The net supplemental pension liability for June 30, 2021 is based upon an update of the liability calculated from the June 30, 2020 actuarial valuation.

Discount Rate - A discount rate of 2.25% was used to measure the total supplemental pension liability. This discount rate was based upon all years of projected payments discounted at a municipal bond rate of 2.25%. The projection of cash flows used to determine the discount rate assumed the 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 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 investments was applied to all periods of projected benefit payments to determine the total supplemental pension liability.

Changes in the Net Supplemental Pension Liability

	Increase (Decrease)
	Net Pension Liability
Beginning balance	\$ 51,709
Changes for the year:	
Service cost	7,545
Interest	1,096
Differences between expected and actual experience	38,734
Changes of assumptions or other input	(19,109)
Benefit payments, including refunds of employee contributions	(13,500)
Net changes	14,766
Ending balance	66,475

Sensitivity of the Net Supplemental Pension Liability to Changes in the Discount Rate -

The following presents the total supplemental pension liability calculated using the discount rate of 2.25 percent, as well as what the total supplemental pension 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 (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total supplemental pension liability	\$ 66,054	\$ 66,475	\$ 66,756

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

For the year ended June 30, 2021, the District recognized pension expense of \$28,266.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in assumptions	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ -	\$ -

Zero reported as deferred outflows related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in expense as follows:

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	\$ -

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the supplemental pension plan required for the year ended June 30, 2021.

NOTE 8 - 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 - There is one administrator eligible for other post employment benefits. The maximum monthly medical premium contributed by the district is \$1,472 and ends September 30, 2024.

Eligible teacher retirees receive District contributions towards medical premiums, annual HRA contributions for a period of 8 years for those retired in 2011 or prior or 7 years for those retired in 2012 and after or Medicare eligibility. Effective July 1, 2015 the post employment health

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

insurance benefit for teachers ended. Starting with the 2015-16 school year teachers were eligible for a Tax Sheltered Annuity (TSA) contribution.

Employees Covered - As of the June 30, 2021 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	10
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>441</u>
Total	<u>451</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. For the year ended June 30, 2021, contribution rates for Plan members were \$52 - 137 per participant per month and \$623 - \$1,638 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$13,453 and the District contributed \$75,658 to the plan.

Actuarial Assumptions - The total OPEB healthcare liability in the June 30, 2020, 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, 2021
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	2.25%
Salary Increases:	3%
Mortality:	Wisconsin 2018 Mortality Table
Medical Care Cost Trend:	6.5% in the first year decreasing by .1% per year to 5%, 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, 2021 is based upon an update of the liability calculated from the June 30, 2020 actuarial valuation.

Discount Rate - A discount rate of 2.25% 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.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Changes in the Total OPEB Healthcare Liability

	Increase (Decrease)
	Total OPEB Healthcare Liability
Beginning balance	\$ 300,594
Changes for the year:	
Service cost	10,082
Interest	5,790
Differences between expected and actual experience	(9,558)
Changes of assumptions or other input	1,187
Benefit payments	(96,587)
Net changes	(89,086)
Ending balance	\$ 211,508

Sensitivity of the Total OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB healthcare liability calculated using the healthcare cost trend rate of 6.5 percent in first year, decreasing to 5 percent, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.5 percent in first year, decreasing to 4 percent) or 1-percentage-point higher (7.5 percent in first year, 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%)
Total OPEB healthcare liability	\$ 199,574	\$ 211,508	\$ 225,306

Sensitivity of the Total OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the total OPEB healthcare liability calculated using the discount rate of 2.25 percent, as well as what the total 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 (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total OPEB healthcare liability	\$ 218,818	\$ 211,508	\$ 204,307

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

For the year ended June 30, 2021, the District recognized OPEB healthcare expense of \$121.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources:

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 166,883
Net differences between projected and actual earnings on pension plan investments	-	652
Changes in assumptions	60,557	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 60,557	\$ 167,535

Zero reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the total OPEB healthcare liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows and Inflows of Resources
2022	\$ (15,749)
2023	(15,097)
2024	(15,097)
2025	(15,097)
2026	(15,097)
Thereafter	\$ (30,841)

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, 2021.

NOTE 9 - 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	Inventory	\$ 91,714
Restricted		
General	Self-insurance	\$ 60,000
General	Common school fund	\$ 1,757
Food service	DPI regulation	\$ 335,642
Referendum debt		
service	Principal and interest	\$ 1,728,252
Committed		
General	Specific expenses	\$ 1,000,000

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Fund Balance and Net Position - Continued

Assigned		
Special revenue trust	Specific expenses	\$ 355,435
Community service	Specific expenses	\$ 211,401
<u>Governmental Activities</u>		
Restricted		
Special revenue	DPI regulation	\$ 335,642
Debt service	Principal and interest	\$ 1,728,252
Other activities	Self-insurance	\$ 60,000
Other activities	Common school fund	\$ 1,757
Other activities	Wisconsin Retirement System pension	\$ 7,329,231

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 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #5 for services to be provided to the District in 2021-2022. Expected costs are \$646,077.

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's attorney that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

NOTE 12 - 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.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 13 - Self-Funded Insurance

The District established a self-funded dental insurance plan for its employees. The Plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for an administrative fee. The Plan reports on a fiscal year ending June 30, 2021.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund, with appropriate charges to other funds of the District.

The District has reported a liability of \$21,883, which represents reported and unreported claims which were incurred on or before June 30, 2021, but were not paid by the District as of that date. Changes in the claims liability for the year ended June 30, 2021 are as follows:

	Year Ended June 30, 2021
Beginning liability balance	\$ 17,052
Claims and changes in estimates	317,036
Claim payments	<u>(312,205)</u>
Ending liability balance	<u>\$ 21,883</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the dental plan.

The District did not receive an actuarial certification for the self-insured dental plan related to the adequacy of reserves, rates, or financial soundness of the plan.

NOTE 14 - Coronavirus (COVID-19)

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of the District's operations including costs for emergency preparedness, virtual school, shortages of personnel, and potential delays in revenue collections.

NOTE 15 - Subsequent Event

On October 20, 2021 the District approved the purchase of \$529,269 of equipment.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

SCHOOL DISTRICT OF REEDSBURG
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH
	SPECIAL			SPECIAL			SPECIAL			FINAL BUDGET
	GENERAL	EDUCATION	TOTAL	GENERAL	EDUCATION	TOTAL	GENERAL	EDUCATION	TOTAL	POSITIVE (NEGATIVE)
REVENUES										
Property taxes	\$ 9,986,137	\$ -	\$ 9,986,137	\$ 9,986,137	\$ -	\$ 9,986,137	\$ 9,986,748	\$ -	\$ 9,986,748	\$ 611
Other local sources	99,212	-	99,212	99,212	-	99,212	171,620	-	171,620	72,408
Interdistrict sources	1,502,320	-	1,502,320	1,502,320	-	1,502,320	1,480,833	-	1,480,833	(21,487)
Intermediate sources	4,900	99,000	103,900	4,900	99,000	103,900	18,883	150,455	169,338	65,438
State sources	21,443,030	1,754,208	23,197,238	21,447,030	1,754,208	23,201,238	21,551,161	1,660,627	23,211,788	10,550
Federal sources	1,492,559	722,815	2,215,374	1,502,301	1,035,508	2,537,809	1,347,341	1,069,214	2,416,555	(121,254)
Other sources	46,158	-	46,158	46,158	-	46,158	298,991	-	298,991	252,833
TOTAL REVENUES	34,574,316	2,576,023	37,150,339	34,588,058	2,888,716	37,476,774	34,855,577	2,880,296	37,735,873	259,099
EXPENDITURES										
Current										
Instruction										
Regular instruction	12,976,632	-	12,976,632	13,037,383	-	13,037,383	13,077,624	-	13,077,624	(40,241)
Vocational instruction	1,419,891	-	1,419,891	1,419,891	-	1,419,891	1,346,400	-	1,346,400	73,491
Special instruction	-	5,462,673	5,462,673	-	5,639,475	5,639,475	-	5,083,292	5,083,292	556,183
Other instructor	1,852,625	-	1,852,625	1,852,625	-	1,852,625	1,808,710	-	1,808,710	43,915
Total instruction	16,249,148	5,462,673	21,711,821	16,309,899	5,639,475	21,949,374	16,232,734	5,083,292	21,316,026	633,348
Support services										
Pupil services	280,963	1,502,581	1,783,544	343,607	1,496,437	1,840,044	284,493	1,514,956	1,799,449	40,595
Instructional staff services	1,685,985	241,364	1,927,349	1,641,004	316,155	1,957,159	1,784,613	329,777	2,114,390	(157,231)
General administration services	378,257	-	378,257	378,257	-	378,257	526,526	-	526,526	(148,269)
Building administration services	2,036,426	-	2,036,426	2,036,426	-	2,036,426	1,928,222	-	1,928,222	108,204
Business services	5,144,482	68,023	5,212,505	5,144,482	78,323	5,222,805	4,799,258	74,163	4,873,421	349,384
Central services	211,149	5,100	216,249	211,149	5,100	216,249	216,960	-	216,960	(711)
Insurance	312,813	-	312,813	312,813	-	312,813	328,694	-	328,694	(15,881)
Other support services	127,998	-	127,998	127,995	-	127,995	132,944	-	132,944	(4,949)
Total support services	10,178,073	1,817,068	11,995,141	10,195,733	1,896,015	12,091,748	10,001,710	1,918,896	11,920,606	171,142
Non-program transactions	1,925,189	604,187	2,529,376	1,925,189	604,187	2,529,376	2,041,327	685,154	2,726,481	(197,105)
Capital outlay	1,777,935	-	1,777,935	1,777,935	-	1,777,935	1,769,166	-	1,769,166	8,769
TOTAL EXPENDITURES	30,130,345	7,883,928	38,014,273	30,208,756	8,139,677	38,348,433	30,044,937	7,687,342	37,732,279	616,154
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,443,971	(5,307,905)	(863,934)	4,379,302	(5,250,961)	(871,659)	4,810,640	(4,807,046)	3,594	875,253
OTHER FINANCING SOURCES (USES)										
Transfer (to) / from other funds	(5,307,905)	5,307,905	-	(5,307,905)	5,307,905	-	(4,807,046)	4,807,046	-	-
NET CHANGE IN FUND BALANCE	(863,934)	-	(863,934)	(928,603)	56,944	(871,659)	3,594	-	3,594	875,253
FUND BALANCE - BEGINNING OF YEAR	8,594,102	-	8,594,102	8,594,102	-	8,594,102	8,594,102	-	8,594,102	-
FUND BALANCE - END OF YEAR	\$ 7,730,168	\$ -	\$ 7,730,168	\$ 7,665,499	\$ 56,944	\$ 7,722,443	\$ 8,597,696	\$ -	\$ 8,597,696	\$ 875,253

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2021

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. 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.

General/Special Education	Regular instruction	\$ 40,241
General/Special Education	Instructional staff services	157,231
General/Special Education	General administration services	148,269
General/Special Education	Insurance	15,881
General/Special Education	Other support services	4,949
General/Special Education	Non-program transactions	197,105

SCHOOL DISTRICT OF REEDSBURG
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2021

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

	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	0.11739658%	\$ (7,329,231)	\$19,377,761	-37.82%	105.26%
2020	0.11757259%	(3,791,077)	18,911,713	-20.05%	102.96%
2019	0.11695830%	4,161,009	18,160,215	22.91%	96.45%
2018	0.11596323%	(3,443,085)	17,289,414	-19.91%	102.93%
2017	0.11460622%	944,629	16,804,931	5.62%	99.12%
2016	0.11358800%	1,845,788	16,317,624	11.31%	102.93%
2015	0.11257000%	(2,765,021)	15,737,228	-17.57%	96.45%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 1,307,997	\$ (1,307,997)	\$ -	\$ 19,377,761	6.75%
2020	1,238,725	(1,238,725)	-	18,911,713	6.55%
2019	1,216,721	(1,216,721)	-	18,160,215	6.70%
2018	1,175,849	(1,175,849)	-	17,289,414	6.80%
2017	1,109,112	(1,109,112)	-	16,804,931	6.60%
2016	1,112,750	(1,112,750)	-	16,317,624	6.82%
2015	1,101,606	(1,101,606)	-	15,737,228	7.00%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

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 proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2021

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

Changes of assumptions - there were no changes in the assumptions.

SCHOOL DISTRICT OF REEDSBURG
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2021

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2021	0.28596000%	\$ 1,572,986	\$ 13,437,000	11.71%	31.36%
2020	0.28710600%	1,222,553	13,233,000	9.24%	37.58%
2019	0.28095000%	724,946	13,109,000	5.53%	48.69%
2018	0.26111400%	785,582	10,980,591	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ -	\$ -	\$ -	\$ 13,437,000	0.00%
2020	-	-	-	13,233,000	0.00%
2019	-	-	-	13,109,000	0.00%
2018	-	-	-	10,980,591	0.00%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. 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, 2021

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

Changes of assumptions - the *Single Discount Rate* assumption used to develop total OPEB liability changed from the prior year. Please refer to the actuarial assumptions section above for additional detail.

SCHOOL DISTRICT OF REEDSBURG
 SUPPLEMENTAL PENSION DEFINED BENEFIT PLAN SCHEDULES
 YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability					
Service cost	\$ 7,545	\$ 6,332	\$ 14,903	\$ 15,371	\$ 15,371
Interest	1,096	3,927	10,304	9,722	9,989
Differences between expected and actual experience	38,734	-	(109,971)	-	-
Changes of assumptions or other input	(19,109)	(821)	(32)	(115)	-
Benefit payments	<u>(13,500)</u>	<u>(133,500)</u>	<u>(13,500)</u>	<u>(42,000)</u>	<u>(24,000)</u>
Net Changes in Total Pension Liability	14,766	(124,062)	(98,296)	(17,022)	1,360
Total Pension Liability - Beginning	51,709	175,771	274,067	291,089	289,729
Total Pension Liability - Ending	<u>\$ 66,475</u>	<u>\$ 51,709</u>	<u>\$ 175,771</u>	<u>\$ 274,067</u>	<u>\$ 291,089</u>
Covered payroll	\$ 698,700	\$ 668,840	\$ 668,840	\$ 1,287,051	\$ 1,287,051
Total pension liability as a percentage of covered payroll	9.51%	7.73%	26.28%	21.29%	22.62%

SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>(13,500)</u>	<u>(133,500)</u>	<u>(13,500)</u>	<u>(42,000)</u>	<u>(24,000)</u>
Contribution deficiency (excess)	<u>\$ (13,500)</u>	<u>\$ (133,500)</u>	<u>\$ (13,500)</u>	<u>\$ (42,000)</u>	<u>\$ (24,000)</u>
Covered payroll	\$ 698,700	\$ 668,840	\$ 668,840	\$ 1,287,051	\$ 1,287,051
Contributions as a percentage of covered payroll	1.93%	19.96%	2.02%	3.26%	1.86%
Actuarial valuation date	6/30/2020	6/30/2018	6/30/2018	6/30/2016	6/30/2016
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2017. 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, 2021

Methods and assumptions used to determine actuarial calculations - entry age normal, level %, 2.25% discount rate, 2% inflation, 3% salary increases, Wisconsin 2018 mortality table.

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

Changes of assumptions - the inflation rate changed to 2% from 3%, the salary increase rate changed from 2% to 3%, and the Wisconsin 2018 mortality table was used instead of the Wisconsin 2012 mortality table.

SCHOOL DISTRICT OF REEDSBURG
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN THE NET OPEB HEALTHCARE LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Healthcare Liability					
Service cost	\$ 10,082	\$ 8,208	\$ -	\$ -	\$ -
Interest	5,790	13,313	31,486	45,103	62,442
Changes of benefit terms	-	-	(5,888)	-	-
Differences between expected and actual experience	(9,558)	-	(226,117)	-	-
Changes of assumptions or other input	1,187	10,250	73,271	(2,245)	-
Benefit payments	(96,587)	(214,911)	(457,301)	(526,455)	(589,218)
Net Changes in Total OPEB Healthcare Liability	(89,086)	(183,140)	(584,549)	(483,597)	(526,776)
Total OPEB Healthcare Liability - Beginning	300,594	483,734	1,068,283	1,551,880	2,078,656
Total OPEB Healthcare Liability - Ending (a)	\$ 211,508	\$ 300,594	\$ 483,734	\$ 1,068,283	\$ 1,551,880
Plan Fiduciary Net Position					
Net investment income	\$ -	\$ -	\$ -	\$ 42,616	\$ 44,930
Benefit payments	-	-	-	(62,133)	(589,218)
Net Changes in Plan Fiduciary Net Position	-	-	-	(19,517)	(544,288)
Plan Fiduciary Net Position - Beginning	-	-	-	19,517	563,805
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ 19,517
Net OPEB Healthcare Liability - Ending (a) - (b)	\$ 211,508	\$ 300,594	\$ 483,734	\$ 1,068,283	\$ 1,532,363
Plan fiduciary net position as a percentage of the net OPEB Healthcare liability	0.00%	0.00%	0.00%	0.00%	1.26%
Covered payroll	\$ 19,754,148	\$ 14,459,187	\$ 14,459,187	\$ -	\$ -
Net OPEB Healthcare liability as a percentage of covered payroll	1.07%	2.08%	3.35%	N/A	N/A

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ 412,420	\$ 540,702
Contributions in relation to the actuarially determined contributions	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 412,420	\$ 540,702
Covered payroll	\$ 19,754,148	\$ 14,459,187	\$ 14,459,187	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	N/A	N/A
Actuarial valuation date	6/30/2020	6/30/2018	6/30/2018	6/30/2016	6/30/2016
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

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 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2021

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level %, fair market value asset valuation, 2.25% discount rate, 3% salary increases, Wisconsin 2018 mortality table.

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

Changes of assumptions - the mortality table was updated to the Wisconsin 2018 mortality table from the Wisconsin 2015 mortality table.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF REEDSBURG

COMBINING BALANCE SHEETS

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	OTHER CAPITAL PROJECTS	
ASSETS					
Cash and investments	\$ 355,435	\$ 435,590	\$ 216,359	\$ -	\$ 1,007,384
Receivables					
Accounts	-	150	-	-	150
Due from other governments	-	70,072	-	-	70,072
TOTAL ASSETS	<u>355,435</u>	<u>505,812</u>	<u>216,359</u>	<u>-</u>	<u>1,077,606</u>
LIABILITIES					
Accounts payable	-	38,213	182	-	38,395
Accrued payroll liabilities	-	23,518	4,776	-	28,294
Unearned revenue	-	108,439	-	-	108,439
TOTAL LIABILITIES	<u>-</u>	<u>170,170</u>	<u>4,958</u>	<u>-</u>	<u>175,128</u>
FUND BALANCES					
Restricted	-	335,642	-	-	335,642
Assigned	355,435	-	211,401	-	566,836
TOTAL FUND BALANCES	<u>355,435</u>	<u>335,642</u>	<u>211,401</u>	<u>-</u>	<u>902,478</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 355,435</u>	<u>\$ 505,812</u>	<u>\$ 216,359</u>	<u>\$ -</u>	<u>\$ 1,077,606</u>

SCHOOL DISTRICT OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	TOTAL
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	OTHER CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000
Other local sources	294,777	27,847	907	525	324,056
State sources	-	25,396	-	-	25,396
Federal sources	-	1,302,149	-	-	1,302,149
Other sources	-	239	-	-	239
TOTAL REVENUES	<u>294,777</u>	<u>1,355,631</u>	<u>75,907</u>	<u>525</u>	<u>1,726,840</u>
EXPENDITURES					
Current					
Instruction					
Other instruction	287,100	-	-	-	287,100
Total instruction	<u>287,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,100</u>
Support service					
Business services	-	1,162,682	-	-	1,162,682
Central services	-	396	-	-	396
Community services	-	-	38,195	-	38,195
Total support services	<u>-</u>	<u>1,163,078</u>	<u>38,195</u>	<u>-</u>	<u>1,201,273</u>
Capital outlay	1,462	-	1,900	1,792,249	1,795,611
TOTAL EXPENDITURES	<u>288,562</u>	<u>1,163,078</u>	<u>40,095</u>	<u>1,792,249</u>	<u>3,283,984</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,215</u>	<u>192,553</u>	<u>35,812</u>	<u>(1,791,724)</u>	<u>(1,557,144)</u>
NET CHANGE IN FUND BALANCE	6,215	192,553	35,812	(1,791,724)	(1,557,144)
FUND BALANCES - BEGINNING OF YEAR	<u>349,220</u>	<u>143,089</u>	<u>175,589</u>	<u>1,791,724</u>	<u>2,459,622</u>
FUND BALANCES - END OF YEAR	<u>\$355,435</u>	<u>\$ 335,642</u>	<u>\$ 211,401</u>	<u>\$ -</u>	<u>\$ 902,478</u>

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	PROGRAM OR AWARD AMOUNT	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2020	REVENUES		RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2021	SUBRECIPIENT PASS-THROUGH EXPENDITURES
					GRANTOR REIMBURSEMENTS	EXPENDITURES		
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
<u>Child Nutrition Cluster</u>								
Food Distribution								
July 1, 2020 - June 30, 2021	None		N/A	\$ -	\$ 97,440	\$ 97,440	\$ -	\$ -
COVID-19 - National School Lunch Area Eligible Snack Program								
July 1, 2019 - June 30, 2020	2020-564753-DPI-NSLAE-566	10.555	N/A	10,373	10,373	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-NSLAE-566		N/A	-	4,950	5,002	52	-
COVID-19 - Summer Food Service Program for Children								
July 1, 2019 - June 30, 2020	2020-564753-DPI-SFSP-586	10.559	N/A	99,505	99,505	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-SFSP-586		N/A	-	1,129,687	1,199,707	70,020	-
Total Child Nutrition Cluste				109,878	1,341,955	1,302,149	70,072	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				109,878	1,341,955	1,302,149	70,072	-
U.S. DEPARTMENT OF EDUCATION								
Wisconsin Department of Public Instruction								
<u>Title IA Cluster</u>								
Title IA - Grants to Local Educational Agencies								
July 1, 2019 - June 30, 2020	2020-564753-TIA-141	84.010A	N/A	249,558	249,558	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-TIA-141		\$ 496,087	-	318,840	455,105	136,265	-
Total Title IA Cluster				249,558	568,398	455,105	136,265	-
<u>Special Education Cluster</u>								
Special Education - Grants to States (IDEA Part B)								
July 1, 2019 - June 30, 2020	2020-564753-DPI-IDEA-F-341	84.027A	N/A	386,085	386,085	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-IDEA-FT-341		663,029	-	457,998	617,609	159,611	-
Special Education - Grants to States Discretionary								
July 1, 2019 - June 30, 2020	2020-564753-DPI-IDEA-F-341	84.027A	N/A	159,250	159,250	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-IDEA-FT-341		270,660	-	158,899	257,275	98,376	-
Special Education - Preschool Grants (IDEA Preschool)								
July 1, 2019 - June 30, 2020	2020-564753-DPI-IDEA-P-347	84.173A	N/A	5,953	5,953	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-IDEA-P-347		47,478	-	4,097	44,119	40,022	-
Total Special Education Cluste				551,288	1,172,282	919,003	298,009	-
Career and Technical Education - Basic Grants to States (Perkins IV)								
July 1, 2019 - June 30, 2020	2020-564753-CTE-400	84.048	N/A	8,695	8,695	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-CTE-400		N/A	-	15,983	15,983	-	-
Title IV - Twenty-First Century Community Learning Centers								
July 1, 2019 - June 30, 2020	2020-564753-CLC DPI-367	84.287	N/A	145,000	145,000	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-T-IV-B-367		152,400	-	106,650	143,361	36,711	-
Title III-A - English Language Acquisition Grants								
July 1, 2019 - June 30, 2020	2020-564753-DPI-T3-391	84.365A	N/A	1,796	1,796	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-T3IA-391		51,070	-	-	5,587	5,587	-
Title III-A - English Language Acquisition Grants Discretionary								
July 1, 2020 - June 30, 2021	2021-564753-DPI-T3IA-391	84.365A		5,700	-	5,037	5,037	-
Title II-A - Supporting Effective Instruction State Grants								
July 1, 2019 - June 30, 2020	2020-564753-TIIA-365	84.367A	N/A	51,619	51,619	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-TIIA-365		79,835	-	48,946	76,359	27,413	-
Title IV-A - Student Support and Academic Enrichment								
July 1, 2019 - June 30, 2020	2020-564753-TIVA-DPI-381	84.424A	N/A	9,678	9,678	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-TIV-A-381		51,017	-	19,532	27,734	8,202	-
<u>Education Stabilization Fund</u>								
COVID-19 - Elementary and Secondary School Emergency Relief Fund								
July 1, 2020 - June 30, 2021	2021-564753-DPI-ESSERF-160	84.425A	406,485	-	266,536	406,152	139,616	-
TOTAL U.S. DEPARTMENT OF EDUCATION				1,017,634	2,415,115	2,054,321	656,840	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
<u>Medicaid Cluster</u>								
Medical Assistance								
July 1, 2019 - June 30, 2020	None	93.778	N/A	37,541	37,541	-	-	-
July 1, 2020 - June 30, 2021	None		N/A	-	361,685	378,217	16,532	-
Total Medicaid Cluster				37,541	399,226	378,217	16,532	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				37,541	399,226	378,217	16,532	-
TOTAL FEDERAL AWARDS				\$ 1,165,053	\$ 4,156,296	\$ 3,734,687	\$ 743,444	\$ -

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH		RECEIVABLE			RECEIVABLE	
	ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	(UNEARNED REVENUE) JULY 1, 2020	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2021	SUBRECIPIENT PASS-THROUGH EXPENDITURES
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	564753-100	255.101	\$ -	\$ 1,741,113	\$ 1,779,893	\$ 38,780	\$ -
State School Lunch Aid	564753-107	255.102	-	11,240	11,240	-	-
Common School Fund Library Aid	564753-104	255.103	-	120,009	120,009	-	-
Bilingual/Bicultural Aid	564753-111	255.106	-	6,968	6,968	-	-
General Transportation Aid	564753-102	255.107	-	130,419	130,419	-	-
General Aids Cluster							
Equalization Aid	564753-116	255.201	282,900	18,080,895	18,086,128	288,133	-
High Cost Special Education Aid	564753-119	255.210	-	31,190	31,190	-	-
Supplemental Per Pupil Aid	564753-181	255.245	-	8,284	8,284	-	-
Peer Review and Mentoring	564753-141	255.301	22,884	22,884	24,991	24,991	12,493
School Breakfast Program	564753-108	255.344	-	14,156	14,156	-	-
Early College Credit Program	564753-178	225.445	-	1,095	1,095	-	-
Student Achievement Guarantee in Education	564753-160	255.504	-	878,054	878,054	-	-
Educator Effectiveness Evaluation System	564753-154	255.940	-	-	21,440	21,440	-
Per Pupil Aid	564753-113	255.945	-	2,022,692	2,022,692	-	-
Career and Technical Education Incentive	564753-152	255.950	-	11,965	11,965	-	-
Assessment of Reading Readiness	564753-166	255.956	-	3,731	3,731	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			305,784	23,084,695	23,152,255	373,344	12,493
WISCONSIN DEPARTMENT OF ADMINISTRATION							
TEACH	None	None	-	24,007	24,007	-	-
WISCONSIN DEPARTMENT OF JUSTICE							
Security Updates and Mental Health Training	2018-SSI-01-14347	None	64,548	144,819	80,271	-	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Payment in Lieu of Taxes	None	None	-	28,617	28,617	-	-
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid	None	None	17,319	17,319	17,319	17,319	-
Exempt Personal Property Aid	None	None	-	85,171	85,171	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			17,319	102,490	102,490	17,319	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 387,651	\$ 23,384,628	\$ 23,387,640	\$ 390,663	\$ 12,493

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the School District of Reedsburg. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

NOTE 3 - Special Education and School Age Parents Program

2020-2021 eligible costs under the State Special Education Program are \$5,588,352.

NOTE 4 - 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.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, 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 Reedsburg
Reedsburg, 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 Reedsburg, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District of Reedsburg's basic financial statements and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District of Reedsburg'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 School District of Reedsburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District of Reedsburg's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider the 2021-001 and 2021-002 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

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

School District of Reedsburg's Responses to Findings

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
November 29, 2021



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 Reedsburg
Reedsburg, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the School District of Reedsburg's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of the School District of Reedsburg's major federal and state programs for the year ended June 30, 2021. The School District of Reedsburg's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District of Reedsburg's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *State Single Audit Guidelines*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District of Reedsburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the School District of Reedsburg is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District of Reedsburg's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District of Reedsburg's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
November 29, 2021

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u> Yes	_____ None reported	
Noncompliance material to the financial statements?	_____ Yes	<u> X </u> No	

Federal Awards

Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported	

Type of auditors' report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes	<u> X </u> No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster

State Assistance

Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> 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 <i>State Single Audit Guidelines</i> ?	_____ Yes	<u> X </u> No
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SCHOOL DISTRICT OF REEDSBURG
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
 JUNE 30, 2021

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.107	General Transportation Aid
255.201	Equalization Aid

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

2021-001 - Preparation of Financial Statements

Program: District-Wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

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

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

2021-002 - Segregation of Duties

Program: District-Wide

Criteria: Segregation of accounting duties is necessary for adequate internal control.

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2021

Condition: Separation of accounting duties for adjusting journal entries, cash receipts, cash disbursements and payroll is currently limited to obtain an adequate internal control system.

Questioned Costs: Not applicable.

Context: The number of personnel limits the separation of accounting duties.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Systemic problem.

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

Recommendation: Management should monitor the accounting internal controls or hire additional personnel to be able to properly separate accounting duties.

Management's Response: This weakness is impractical to entirely correct due to the limited resources and personnel available to our District. We will continue to use other controls, where practical, to compensate for this limitation.

Section III - Federal and State Award Findings and Questioned Costs

None



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
JUNE 30, 2021

Summary Schedule of Prior Audit Findings

2020-001 - Preparation of Financial Statements - Repeat. Initially occurred 6/30/20.

2020-002 - Segregation of Duties - Repeat. Initially occurred 6/30/20.

2020-003 - Significant Audit Adjustments - Resolved. Initially occurred 6/30/20.

Corrective Action Plan

2021-001 - Preparation of Financial Statements - Contact: Debra Michel, Director of Business Services. Completion date: N/A. Due to the complexities of governmental reporting in accordance with GAAP, i.e. financial statements and related disclosure reporting, District management has weighed the cost benefit of training current staff or hiring a Certified Public Accountant on staff for the purposes of preparing the external financial statements in accordance with GAAP. District management has concluded to outsource the preparation of the external financial statements and related disclosures to their certified public accounting firm, which is an acceptable practice according to *Government Auditing Standards*. District management will review and approve the externally prepared financial statements.

2021-002 - Segregation of Duties - Contact: Debra Michel, Director of Business Services. Completion date: N/A. The segregation of duties weakness is impractical to completely correct due to the limited resources and staff available to our District. We will continue to use other controls, where practical, to compensate for this limitation.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**INDEPENDENT AUDITORS' REPORT ON COMMUNICATION
WITH THOSE CHARGED WITH GOVERNANCE
AND MANAGEMENT ADVISORY COMMENTS**

JUNE 30, 2021

SCHOOL DISTRICT OF REEDSBURG
TABLE OF CONTENTS
JUNE 30, 2021

Page	
2-5	Independent Auditors' Report on Communication With Those Charged With Governance
6-8	Independent Auditors' Report on Management Advisory Comments
Appendix A	Adjusting Journal Entries Report
Appendix B	Management Representation Letter



**INDEPENDENT AUDITORS' REPORT ON COMMUNICATION
WITH THOSE CHARGED WITH GOVERNANCE**

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

We have audited the financial statements of the School District of Reedsburg as of and for the year ended June 30, 2021, and have issued our report thereon dated November 29, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 7, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the School District of Reedsburg solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting noted during our audit in a separate letter to you dated November 29, 2021.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the School District of Reedsburg is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Management's estimate of the useful lives of fixed assets is based on prior assets and estimated economic life determined by the asset's manufacturer or vendor.

Management's estimate of the other post employment benefit liability is calculated by the District's third-party actuary.

Management's estimate of the Wisconsin Retirement System pension was calculated by the State of Wisconsin Department of Employee Trust Funds' third-party actuary.

Management's estimate of the Wisconsin Retirement System local retiree life insurance fund was calculated by the State of Wisconsin Department of Employee Trust Funds' third-party actuary.

Management's estimate of the incurred, but not reported (IBNR) is calculated by Delta Dental of Wisconsin Inc. for dental claims, the District's third-party administrator.

We evaluated the key factors and assumptions used to develop the estimates above, determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such attached misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Management has corrected all such attached misstatements in Appendix A. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the School District of Reedsburg's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 29, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the School District of Reedsburg, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the School District of Reedsburg's auditors.

This report is intended solely for the information and use of the School Board and management of the School District of Reedsburg and is not intended to be and should not be used by anyone other than these specified parties.

HAWKINS ASH CPAS, LLP

A handwritten signature in black ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, flowing style.

Manitowoc, Wisconsin
November 29, 2021



INDEPENDENT AUDITORS' REPORT ON MANAGEMENT ADVISORY COMMENTS

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

We have audited the general purpose financial statements of the School District of Reedsburg as of and for the year ended June 30, 2021 and have issued our report thereon dated November 29, 2021. We have also issued compliance reports and reports on the internal control structure in accordance with *Government Auditing Standards*. These reports disclosed any material instances of noncompliance, federal and state program findings and questioned cost, material weaknesses and significant deficiencies that were identified during the audit.

Other matters involving the internal control structure and the District's operations which came to our attention during the audit are reported on the following pages as management advisory comments.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the District's personnel during the course of our work. In particular, we would like to note the considerable assistance and cooperation provided to us by Debra Michel and her staff.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

HAWKINS ASH CPAS, LLP

A handwritten signature in dark ink that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
November 29, 2021

MANAGEMENT ADVISORY COMMENTS

Current Year Comments

None.

Status of Prior Year(s) Comments

Allocating Interest Income (6/30/20)

We noted during the audit there is no interest income recorded in various funds (funds 50 and 80) even though they had common cash as of year end. We recommend allocating the interest income on a monthly basis according to the month end common cash balance to record it in the proper fund.

Status: Unresolved.

Original and Final Budgeted Amounts (6/30/20)

The original and final budgeted amounts entered into the District's software were not the same as the adopted original and final budgets amounts. We recommend entering the actual original and final budgeted amounts into the software to provide accurate interim financial reports and to accurately monitor the District's budget.

Status: Unresolved.

New Standard - GASB Statement No. 87 - Leases (6/30/20)

This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

This statement excludes the following:

- intangible assets (mineral rights, patents, copyrights, licensing contracts for software)
- biological assets (timber, living plants, living animals)
- inventory
- service concession arrangement (GASB Statement No. 60)
- assets financed with conduit debt unless both asset and debt are reported by lessor
- supply contracts (power purchase agreements)
- short-term leases (12 months or less including options to extend)
- contracts that transfer ownership and does not contain termination options
- certain regulated leases (aviation leases)

We recommend all lease contracts that might meet the definition of a lease should be accumulated, identify any contracts that may be excluded based on an exception or materiality, and complete a listing of all the contracts. The listing should include contract description, asset description, term of contract, term extensions, termination clause, payments, and exclusion exception. Please upload the contracts and listing to your portal.

The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Your June 30, 2022 financial statements will be updated for these new reporting requirements.

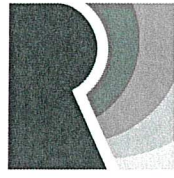
Status: Unresolved.

APPENDIX A

Client: **0202350 - School District of Reedsburg**
 Engagement: **21 Audit - School District of Reedsburg**
 Period Ending: **6/30/2021**
 Trial Balance: **Database**
 Workpaper: **1501 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 31				
2021 - Adjustment made per client subsequent to importing trial balance.				
50 E --- 387 25----	BUSINESS ADMINISTRATION		1,766.00	
50 E --- 310 25----	BUSINESS ADMINISTRATION			1,766.00
Total			1,766.00	1,766.00
Adjusting Journal Entries JE # 32				
2021 - Adjustment made per client subsequent to importing trial balance.				
10 A 000 000 715500 000	DUE FROM STATE GOVERNMENT		2,363.00	
10 E --- 382 43----	GENERAL TUITION PAYMENTS			2,363.00
Total			2,363.00	2,363.00
Adjusting Journal Entries JE # 33				
2021 - To adjust commodity handling charges to actual.				
50 E --- 387 25----	BUSINESS ADMINISTRATION		120.00	
50 E --- 310 25----	BUSINESS ADMINISTRATION			120.00
Total			120.00	120.00
Adjusting Journal Entries JE # 34				
2021 - Adjustment made per client subsequent to importing trial balance.				
10 E --- 327 25----	BUSINESS ADMINISTRATION		18,474.00	
10 L 000 000 811200 000	ACCOUNTS PAYABLE			18,474.00
Total			18,474.00	18,474.00
Adjusting Journal Entries JE # 35				
2021 - To remove medical records revenue from a grant revenue account.				
10 R 800 699 500000 000	DISTRICT WIDE		52.00	
10 R 800 990 500000 000	DISTRICT WIDE			52.00
Total			52.00	52.00
Adjusting Journal Entries JE # 36				
2021 - To adjust nonspendable fund balance to match inventory.				
10 Q 000 000 939900 000	UNASSIGNED FUND BALANCE		35,863.00	
10 Q 000 000 935100 000	NONSPENDABLE FUND BALANCE			35,863.00
Total			35,863.00	35,863.00
Adjusting Journal Entries JE # 37				
2021 - Adjustment made per client subsequent to importing trial balance.				
10 A 000 000 715500 000	DUE FROM STATE GOVERNMENT		21,440.00	
10 R 800 630 500000 583	DISTRICT WIDE			21,440.00
Total			21,440.00	21,440.00
Total Adjusting Journal Entries			80,078.00	80,078.00
Total All Journal Entries			80,078.00	80,078.00

APPENDIX B



SCHOOL DISTRICT OF
Reedsburg

501 K Street | Reedsburg, WI 53959 | (608) 524-2016 | www.rsd.k12.wi.us

November 29, 2021

Hawkins Ash CPAs, LLP
One East Waldo Blvd., Suite 5
Manitowoc, WI 54220-2912

Dear Hawkins Ash CPAs, LLP,

This representation letter is provided in connection with your audit of the School District of Reedsburg as of June 30, 2021, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, and results of operations, of the various opinion units of School District of Reedsburg in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 29, 2021.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 29, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility 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.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have a process to track the status of audit findings and recommendations.
- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 9) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.

- 12) We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (FASB Accounting Standards Codification 450, *Contingencies*), and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 13) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 14) All funds and activities are properly classified.
- 15) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 16) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- 17) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- 18) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 19) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 20) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 21) Special items and extraordinary items have been properly classified and reported.
- 22) Deposit and investment risks have been properly and fully disclosed.
- 23) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 24) All required supplementary information is measured and presented within the prescribed guidelines.
- 25) With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 26) With respect to the nonattest services provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.
- 27) With respect to the supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the supplementary information with U.S. GAAP.
 - We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

- We acknowledge our responsibility to include the auditors' report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
 - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditors' report thereon.
- 28) With respect to the required supplementary information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Information Provided

- 29) We have provided you with:
- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 30) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 31) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 32) We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- 33) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- 34) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 35) We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- 36) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- 37) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 38) The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 39) We have disclosed to you all guarantees, whether written or oral, under which the entity is contingently liable.
- 40) We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and*

Financial Reporting for Nonexchange Financial Guarantees, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.

- 41) For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- 42) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 43) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 44) There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 45) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 46) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 47) We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 48) We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

Federal and State Award Programs

- 49) We are responsible for understanding and complying with and have complied with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance) and state regulatory audit requirements, including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA) and schedule of state financial assistance (SSFA), or we acknowledge our responsibility for presenting the SEFA and SSFA in accordance with the requirements and we believe the SEFA and SSFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and state regulatory requirements. The methods of measurement or presentation of the SEFA and SSFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA and SSFA.
- 50) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and state regulatory requirements and included in the SEFA and SSFA made during the audit period for all awards provided by federal and state agencies in the form of grants, cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- 51) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- 52) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- 53) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relevant to federal and state programs and related activities.
- 54) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- 55) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement* and state regulatory audit requirements relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal and state awards.
- 56) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- 57) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- 58) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance and state regulatory audit requirements.
- 59) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- 60) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- 61) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- 62) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- 63) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), subsequent to the date as of which compliance was audited.
- 64) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- 65) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- 66) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations.
- 67) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.

- 68) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- 69) We have charged costs to federal and state awards in accordance with applicable cost principles.
- 70) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and state regulatory audit requirements and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- 71) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- 72) We are responsible for preparing and implementing a corrective action plan for each audit finding.


Accounting Specialist


Director of Business Services