HUSTISFORD SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022

Huberty

Accounting | Analysis | Strategy | Planning

TABLE OF CONTENTS

TABLE OF CONTENTS - Continued

Other Supplementary Information

INDEPENDENT AUDITOR'S REPORT

Board of Education
Hustisford School District
Hustisford, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the 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 Hustisford School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note A to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Huberty & Associates, S.C.

Fond du Lac, Wisconsin
December 13, 2022

BASIC FINANCIAL STATEMENTS

HUSTISFORD SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS		
Cash and investments	$	1,102,055
Taxes receivable		740,355
Accounts receivable		5,621
Due from other governments		303,098
Noncurrent assets:		
Net pension asset		1,410,742
Capital assets:		
Non-depreciable/amortizable		40,700
Depreciable/amortizable, net		1,560,083
Total Assets		5,162,654
DEFERRED OUTFLOWS OF RESOURCES		
Pension sources		2,643,279
Other postemployment benefit sources		54,457
Total Deferred Outflows of Resources		2,697,736
LIABILITIES		
Accounts payable		26,748
Accrued interest		324
Accrued salaries and wages		84,069
Accrued payroll liabilities		170,669
Health benefits payable		4,725
Noncurrent liabilities:		
Due within one year		66,339
Due in more than one year		160,060
Total OPEB liability		577,133
Total Liabilities		1,090,067
DEFERRED INFLOWS OF RESOURCES		
Pension sources		3,326,476
Other postemployment benefits sources		243,564
Total Deferred Inflows of Resources		3,570,040
NET POSITION		
Net investment in capital assets		1,426,486
Restricted for:		
Capital projects		25,383
Community service		163,202
Debt service		13,856
Food service		77,599
Donations		106,619
Unrestricted		1,387,138
Total Net Position	$	3,200,283

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:				
Instruction:				
Regular	$ 2,734,374	$ 389,675	$ 271,999	$ (2,072,700)
Vocational	264,123	-	-	(264,123)
Special education	499,448	-	304,394	(195,054)
Other	378,420	25,620	-	(352,800)
Total Instruction	3,876,365	415,295	576,393	(2,884,677)
Support Services:				
Pupil services	233,135	-	37,731	(195,404)
Instructional staff services	183,159	-	21,012	(162,147)
General administration services	229,680	-	-	(229,680)
School administration services	288,066	-	-	(288,066)
Business services	201,991	-	-	(201,991)
Operations and maintenance	637,533	-	-	(637,533)
Pupil transportation	312,833	-	47,769	(265,064)
Central services	19,835	-	-	(19,835)
Insurance	42,391	-	-	(42,391)
Other support services	211,026	-	-	(211,026)
Food service	195,577	15,898	221,986	42,307
Community service	56,843	23,252	-	(33,591)
Interest and principal	5,384	-	-	(5,384)
Depreciation/amortization - unallocated	133,265	-	-	(133,265)
Total Support Services	2,750,718	39,150	328,498	(2,383,070)
Total Governmental Activities	$ 6,627,083	$ 454,445	$ 904,891	(5,267,747)
General Revenues:				
Taxes				
Property taxes, levied for general purposes				2,892,616
Property taxes, levied for debt service				57,197
Property taxes, levied for community service				45,100
Federal and state aid not restricted to specific purposes				
General				2,216,097
Interest and investment earnings				4,439
Miscellaneous				131,573
Changes in Net Position				79,275
Net Position:				
Beginning of year				3,121,008
End of year				$ 3,200,283

HUSTISFORD SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Other Governmental	Total Governmental
ASSETS			
Cash and cash equivalents	$ 735,293	$ 366,762	$ 1,102,055
Taxes receivable	740,355	-	740,355
Accounts receivable	5,278	343	5,621
Due from other governments	280,487	22,611	303,098
Total Assets	$ 1,761,413	$ 389,716	$ 2,151,129
LIABILITIES			
Accounts payable	$ 23,691	$ 3,057	$ 26,748
Accrued salaries and wages	84,069	-	84,069
Accrued payroll liabilities	170,669	-	170,669
Health benefits payable	4,725	-	4,725
Total Liabilities	283,154	3,057	286,211
FUND BALANCES			
Restricted for:			
Capital projects	-	25,383	25,383
Community service	-	163,202	163,202
Debt service	-	13,856	13,856
Food service	-	77,599	77,599
Donations	-	106,619	106,619
Unassigned	1,478,259	-	1,478,259
Total Fund Balances	1,478,259	386,659	1,864,918
Total Liabilities and Fund Balances	$ 1,761,413	$ 389,716	

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:		
Governmental capital assets	$ 8,835,621	
Governmental accumulated depreciation	(7,234,838)	1,600,783
Deferred outflows of resources (related to pensions)		2,643,279
Deferred inflows of resources (related to pensions)		(3,326,476)
Deferred outflows of resources (related to other employment benefits)		54,457
Deferred inflows of resources (related to other post employment benefits)		(243,564)
Long term liabilities, including bonds and notes payable, 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	(194,879)	
Lease liability - right-to-use	(14,740)	
Accrued interest on general obligation debt	(324)	
Net pension (liability) asset	1,410,742	
Total OPEB liability	(577,133)	
Vested employee benefits	(16,780)	606,886
Total Net Position - Governmental Activities		$ 3,200,283

The accompanying notes are an integral part of these financial statements.

HUSTISFORD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Other Governmental	Total Governmental
REVENUES:			
Property taxes	$ 2,892,616	$ 102,297	$ 2,994,913
Other local sources	55,790	160,967	216,757
Interdistrict sources	368,144	-	368,144
Intermediate sources	2,477	-	2,477
State sources	2,474,192	12,317	2,486,509
Federal sources	422,333	209,669	632,002
Other	5,283	331	5,614
Total Revenues	6,220,835	485,581	6,706,416
EXPENDITURES:			
Instruction:			
Regular	2,858,782	-	2,858,782
Vocational	281,509	-	281,509
Special	527,124	-	527,124
Other	270,352	123,093	393,445
Total Instruction	3,937,767	123,093	4,060,860
Support Service:			
Pupil services	243,616	-	243,616
Instructional staff services	190,276	-	190,276
General administration services	242,268	-	242,268
School administration services	322,363	-	322,363
Business services	211,352	-	211,352
Operations and maintenance	539,640	102,246	641,886
Pupil transportation	312,833	-	312,833
Central services	21,866	-	21,866
Insurance	42,391	-	42,391
Food service	-	196,381	196,381
Community service	-	55,826	55,826
Principal and interest	13,651	54,305	67,956
Other support services	218,106	-	218,106
Total support services	2,358,362	408,758	2,767,120
Total Expenditures	6,296,129	531,851	6,827,980
Excess of Revenues Over (Under) Expenditures	(75,294)	(46,270)	(121,564)
Other Financing Sources (Uses):			
Debt proceeds	-	102,246	102,246
Total Other Financing Sources	-	102,246	102,246
Net Change in Fund Balance	(75,294)	55,976	(19,318)
Fund Balances:			
Beginning of year	1,553,553	330,683	1,884,236
End of year	$ 1,478,259	$ 386,659	$ 1,864,918

The accompanying notes are an integral part of these financial statements.

HUSTISFORD SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds		$ (19,318)
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 and amortization expenses in the statement of activities.		
Capital outlay reported in governmental fund statements	$ 64,860	
Depreciation and amortization expense reported in the statement of activities	(189,105)	(124,245)
Changes in net pension and other postemployment liability (asset) and related pension and other postemployment sources deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds.		
Net (increase) decrease in pension benefits	326,015	
Net (increase) decrease in other postemployment benefits	(72,768)	253,247
Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Employee benefits paid in current year		9,323
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal on long-term obligations 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 debt proceeds in the current year	(102,246)	
Long-term debt principal payments in the current year	49,080	(53,166)
Right-to-use leases are reported in governmental funds as other financing sources, but are reported as an increase in outstanding long-term obligations in the statement of net position and do not affect the statement of activities. Right-to-use lease payments are reported in the governmental funds as an expenditure but are reported as a reduction in long-term obligations in the statement of net position and do not affect the statement of activities:		
Right-to-use lease payments in the current year	13,539	13,539
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as it accrues.		
The amount of interest paid during the current period	5,280	
The amount of interest accrued during the period.	(5,385)	(105)
Change in Net Position - Governmental Activities		$ 79,275

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Hustisford School District is organized as a common school district governed by a seven-member elected school board. The District operates grades kindergarten through 12 and is comprised of all or parts of six taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements.

Basis of Presentation

District-wide Statements:

The statement of net position and the statement of activities reports financial information on all of the non-fiduciary activities of the District. 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. Business type activities are financed in part by fees charged to external parties. The District does not operate any business type activities.

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

Fund Financial Statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The District has no proprietary or internal service funds. Funds are organized as major funds or nonmajor funds within the governmental fund statements. An emphasis is placed on major funds, each displayed in a separate column. All remaining funds of a fund category are aggregated and reported as nonmajor funds.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

Fund Financial Statements – Continued

The District reports the following major governmental funds:

General fund. This is the District's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund. The general fund includes all activity of the special education fund.

The District's non-major governmental funds include the donations, debt service, capital projects, food service, and community service funds.

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. Revenue from grants and similar items are 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. 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 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 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 positions 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Investments

The District's cash consist of cash on hand, demand deposits, and short-term investments with original maturities of six months or less from date of acquisition. Investments are stated at fair value. Fair values are the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Investment of District funds is restricted by state statutes.

Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, local professional stadium district, or local cultural arts district created under subchapter II, III, IV or V of chapter 229 of the Wisconsin statutes, or bonds issued by the University of Wisconsin Hospitals or Clinics Authority or the Wisconsin Aerospace Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is limited to bonds issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government or repurchase agreements fully collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

Property Tax Levy

The District's property taxes are levied on or before October 31st 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 installments with the first installment payable the subsequent January 31st, and a final payment no later than July 31st. The District is paid by the collecting municipality its appropriate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2021 tax levy is used to finance operations of the District's fiscal year ended June 30, 2022. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of probable losses determined principally on the basis of historical experience. All accounts or portions thereof deemed to be uncollectable are written off to the allowance for doubtful accounts. As of June 30, 2022, there was no allowance for doubtful accounts.

Prepaid Items

Certain payments to vendors reflect costs that will benefit future accounting periods are recorded as prepaid items and are accounted for on the consumption method. Prepaid items of government fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

Internal Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advanced from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Fair Value Measurements

Fair value is defined as the exchange price (an exit price) that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

District-wide Statements:

In the district-wide financial statements, property and equipment are accounted for as capital assets. All property and equipment are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The District has adopted a policy to capitalize fixed assets with a cost of $1,000 or greater. Depreciation is calculated using the straight-line method. Capital assets are depreciated over the following useful lives:

Buildings	10 – 50 years
Furniture and equipment	5 – 25 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences

The District’s policy allows classified personnel to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested amount of 112 days. Upon retirement or termination of employment, the employee is entitled to be paid for unused accumulated sick leave to a maximum of $560. The District’s policy allows teachers varying amounts of sick pay that can accumulate to a maximum vested amount of 100 days. Upon retirement or a teacher with ten years of employment leaving the District, the teacher is entitled to be paid for unused accumulated sick leave to a maximum of $1,000.

Long-Term Obligations

In the district-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Leases

A lease is defined as a contract that conveys controls of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction based on GASB Statement No. 87, *Leases.*

As Lessee:

The District currently leases various equipment that meets the definition of a lease. At commencement, the District recognizes a lease liability and an intangible right-to-use asset in the district-wide financial statements. Initially, the District determines the lease term and discount rate and measures the lease liability calculated at the present value of payments expected to be made during the lease term. As payments are made by the District, the lease liability is reduced by the principal portion. Lease liabilities are reported with the long-term obligations on the statement of net position.

To determine the discount rate, the District uses the rate implicit in the lease. If the rate is not stated by the lessor, the District defers to GASB Statement No. 62, Codification for imputing an interest rate for agreements with no implicit rate. The lease term includes the noncancelable period plus any options to extend if it is reasonably certain the District will exercise the option and any options to terminate if it is reasonably certain the District will not exercise the option.

An intangible right-to-use asset is amortized on a straight line basis over the life of the lease and is reported in the district-wide financial statements as a Leased Asset (Right-to-Use).

Short-term leases with a maximum possible term under the lease of 12 months or less including options to extend, regardless of their probability of being exercised, are excluded from GASB Statement No. 87. Instead, payments are expensed as incurred and lease liabilities or right-to-use assets are not reflected on the district-wide financial statements.

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. The District will remeasure the lease liability at subsequent financial reporting dates if there are changes in circumstances requiring remeasurement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Pensions

For purposes of measuring the Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense (Revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the District's OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at cost.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources are an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

District-wide Statements:

Equity is classified as net position and displayed in three components. Resources are used in the following order: restricted and unrestricted.

Net investment in capital assets – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Restricted net position – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Net position that is neither classified as "restricted" nor as "net investment in capital assets."

Fund Financial Statements:

The District reports its fund balance classifications in five components. Resources are used in the following order: restricted, committed, assigned and unassigned. Assigned fund balance is established by the Board of Education or District Administrator through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets or for other purposes).

Nonspendable – Amounts that cannot be spent because of their form or because they must be maintained intact.

Restricted – Amounts with limitations placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Committed – Amounts with limitations imposed prior to the end of the period by the highest level of decision making and would require formal action at the same level to remove.

Assigned – Amounts intended to be used and established by the highest level of decision making, a body designated for that purpose, or by an official designated for that purpose.

Unassigned – All other amounts that do not meet the definition of nonspendable, restricted, committed or assigned.

The District adopted a fund balance policy that strives to maintain a fund balance in the General Fund that is equivalent to at least 15% of the anticipated General Fund expenditure budget for the subsequent fiscal year.

The minimum fund balance amount is calculated as follows:

Budgeted 2021-22 General Fund Expenditures	$ 5,248,893
Minimum Fund Balance %	15%
Minimum Fund Balance Amount	$ 787,334

The District's unassigned general fund balance of $1,478,259 is above minimum fund balance amount.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New GASB Pronouncements/Change in Accounting Principle

During the year ended June 30, 2022, the District implemented the following statements of financial accounting standards issued by the Governmental Accounting Standards Board:

Statement No. 87, Leases. 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. This Statement requires the District to evaluate lease arrangements and recognize a lease liability and an intangible right-to-use lease asset as a lessee and recognize a lease receivable and a deferred inflow of resources as a lessor. To implement this standard, the District has evaluated all contracts that meet the definition of a lease under this Statement. The amendment has been applied retrospectively resulting in an increase to leased assets (right-to-use) of $28,279 and a corresponding increase to lease liability right-to-use for the year ended June 30, 2021. Accordingly there is no effect on net position or fund balances in connection with this implementation

Additionally, GASB has also issued the following standards which will be effective in subsequent years:

Statement 96, Subscription-Based Information Technology Arrangements, effective for fiscal years beginning after June 15, 2022.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE B – CASH AND INVESTMENTS

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional policy for custodial credit risk.

NOTE B – CASH AND INVESTMENTS – Continued

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for the combined amount of all time and savings deposits and $250,000 demand deposits, both interest-bearing and noninterest bearing. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of $400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered, total recovery of insured losses may not be available. This coverage has not been considered in computing the amounts in Category 1 below.

The District's deposits and investments are categorized to give an indication of the level of custodial credit risk assumed by the District at year-end. Category 1 includes items that are insured or registered or which are collateralized by or evidenced by securities held by the District or its agent in the District's name. Category 2 includes deposits collateralized with securities held by the pledging institution's trust department or agent in the District's name, or uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the District's name. Category 3 includes uncollateralized deposits, and uninsured and unregistered investments, with securities held by the counterparty or its trust department or agent but not in the District's name.

	Category				Carrying
	1	2	3	Total	Amount
Financial institutions	$ 372,669	$ 600,000	$ 466,139	$ 1,438,808	$ 1,089,126
Wisconsin Local Government Investment Pool					12,929
Total deposits and investments					$ 1,102,055
Per statement of net position:					
Cash and investments					$ 1,102,055

The District had no significant type of investments during the year not included in the above schedule. Fluctuating cash flows during the year due to tax collections, receipt of state aids, and borrowings may have resulted in temporary balances exceeding insured amounts by substantially higher amounts than reported at the balance sheet date.

Credit Risk Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District's policies are designed to maximize investment earnings while protecting the security of principal and providing adequate liquidity, in accordance to state statute as listed previously. At June 30, 2022, the District held no investments in government securities. The District does invest in the state investment pool which is not rated.

Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

NOTE B – CASH AND INVESTMENTS – Continued

Interest Rate Risk Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to make changes in market interest rates.

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided in the following table, based on maturity:

Investment Type	Amount	0-1 Years	1-5 Years
Certificates of deposits	$ 25,000	$ 25,000	$ -

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2022, the fair value of the District's share of the LGIP's assets were substantially equal to the amount reported above.

Investments in the LGIP are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the Pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by FDIC and State of Wisconsin Guarantee Fund Insurance.

Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value.

Local government investment pool fund is valued at amortized cost of the underlying assets for purposes of calculating income to participants.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Local government investment pool	$ -	$ 12,929	$ -	$ 12,929

NOTE C – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, nondepreciable:				
Sites (land)	$ 40,700	$ -	$ -	$ 40,700
Capital assets, depreciable/ amortizable:				
Buildings	7,190,303	-	-	7,190,303
Furniture and equipment	1,511,479	64,860	-	1,576,339
Leased assets (right-to-use) - furniture & equipment	28,279	-	-	28,279
Total capital assets, depreciable/amortizable	8,701,782	64,860	-	8,794,921
Less accumulated depreciation/amortizable for:				
Buildings	(5,848,956)	(133,265)	-	(5,982,221)
Furniture and equipment	(1,196,777)	(41,700)	-	(1,238,477)
Leased assets (right-to-use) - furniture & equipment	-	(14,140)		(14,140)
Total accumulated depreciation/amortization	(7,045,733)	(189,105)	-	(7,234,838)
Total capital assets, depreciable/amortizable, net	1,656,049	(124,245)	-	1,560,083
Total Governmental Activities	$ 1,696,749	$ (124,245)	$ -	$ 1,600,783

The District's capital assets are shared by many governmental functions. Depreciation expense was charged to governmental functions as follows:

Governmental activities:	Depreciation	Amortization	Total
Regular instruction	$ 7,153	$ 14,140	$ 21,293
Special education instruction	60	-	60
Other instruction	836	-	836
Operations and maintenance	8,360	-	8,360
Food service	5,528	-	5,528
Community service	4,407	-	4,407
Central services	10,613	-	10,613
School administration services	4,743	-	4,743
Uallocated	133,265	-	133,265
	$ 174,965	$ 14,140	$ 189,105

NOTE D – LONG-TERM OBLIGATIONS

Long-term liability balances and activity for the year ended June 30, 2022 were as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Direct Borrowing:					
Bonds and notes payable	$ 141,716	$ 102,246	$ 49,083	$ 194,879	$ 52,736
Total General Obligation Debt	141,716	102,246	49,083	194,879	52,736
Other Liabilities:					
Vested employee benefits:					
Lease Liability - Right-to-use	28,279	-	13,539	14,740	13,603
Vacation and sick pay	26,104	-	9,324	16,780	-
Total Other Liabilities	54,383	-	22,863	31,520	13,603
Total Long-Term Liabilities	$ 196,099	$ 102,246	$ 71,946	$ 226,399	$ 66,339

All general obligation bonds notes and loans payable are backed by the full faith and credit of the District. Bonds, notes, and loans in the governmental funds will be retired by future property tax levies.

Total interest paid during the year on long-term obligations totaled $5,222.

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 06/30/2022
Promissory Note	6/16/2020	6/16/2025	2.75%	$ 104,105	$ 64,126
Promissory Note	1/1/2014	1/1/2024	2.75%	203,047	35,323
Promissory Note	9/3/2021	9/3/2031	2.50%	102,246	95,430
Total General Obligation Debt					$ 194,879

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is $376,660,282. The legal debt limit and margin of indebtedness as of June 30, 2022 in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (10% of $376,660,282)	$ 37,666,028
Deduct long-term debt applicable to debt margin (less available for debt service)	181,023
Margin of indebtedness	$ 37,485,005

NOTE D – LONG-TERM OBLIGATIONS – Continued

Debt service requirements to maturity on general obligation debt are as follows:

Year Ended June 30	Principal	Interest	Total
2023	$ 52,736	$ 4,470	$ 57,206
2024	43,573	3,081	46,654
2025	31,753	2,133	33,886
2026	10,010	1,557	11,567
2027	10,263	1,304	11,567
Thereafter	46,544	2,572	49,116
Total	$ 194,879	$ 15,117	$ 209,996

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Lease Liability – Right-to-use

The District has one right-to-use lease agreement of equipment for use by the District. The District is required to make monthly principal and interest payment of $1,138. This lease has an interest rate of .57%. The lease expires in July 2023.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 were as follows:

Year Ended June 30:	Principal	Interest	Total
2023	$ 13,603	$ 49	$ 13,652
2024	1,137	1	$ 1,138
	$ 14,740	$ 50	$ 14,790

NOTE E – 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/about-etf/reports-and-studies/financial-reports-and-statements.

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

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

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

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

The WRS also provides death and disability benefits for employees.

NOTE E – PENSION PLAN – Continued

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including teachers, 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 $186,179 in contributions from the employer.

Contribution rates as of December 31, 2021 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

NOTE E – PENSION PLAN – Continued

Pension liabilities, pension expense (revenue), and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2022, the District reported a liability (asset) of ($1,410,742) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.01750261%, which was a decrease of 0.00095438% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense (revenue) of ($124,905).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ 2,278,983	$ (164,339)
Net differences between projected and actual earnings on pension plan investments	-	(3,155,949)
Changes in assumptions	263,196	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,347	(6,188)
Employer contributions subsequent to the measurement measurement date	99,753	-
	$ 2,643,279	$ (3,326,476)

$99,753 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:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 1,284,170	$ (1,351,528)
2023	802,820	(1,187,119)
2024	582,248	(752,070)
2025	274,604	(436,076)
Thereafter	-	-

NOTE E – PENSION PLAN – Continued

Actuarial assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2020
Measurement date of net pension liability (asset)	December 31, 2021
Experience Study:	January 1, 2018- December 31,2020 Published November 19, 2021
Actuarial cost method	Entry age normal
Asset valuation method	Fair Value
Long-term expected rate of return	6.8%
Discount rate	6.8%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Post-retirement adjustments*	1.7%

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

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

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

NOTE E – PENSION PLAN – Continued

Asset Allocation Targets and Expected Returns[1]
As of December 31, 2021

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % [2]
Global equities	52.0%	6.8%	4.2%
Fixed income	25.0%	4.3%	1.8%
Inflation sensitive assets	19.0%	2.7%	0.2%
Real estate	7.0%	5.6%	3.0%
Private equity/debt	12.0%	9.7%	7.0%
Total Core Fund [3]	115.0%	6.6%	4.0%
Variable Fund Asset Class			
U.S. equities	70.0%	6.3%	3.7%
International equities	30.0%	7.2%	4.6%
Total Variable Fund	100.0%	6.8%	4.2%

[1] Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

[2] New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

[3] The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

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

NOTE E – PENSION PLAN – Continued

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District's proportionate share of the net pension liability (asset)	$ 1,001,021	$ (1,410,742)	$ (3,146,764)

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

Payable to the pension plan. The District reported a payable of $614 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2022.

NOTE F – OTHER POST EMPLOYMENT BENEFITS

Plan description. In addition to providing pension benefits, the District provides certain post-employment benefits for medical and dental care premium payments to qualifying retired employees and their eligible dependents or survivors pursuant to collective bargaining agreements and Board resolutions.

Benefits provided. Retiring teachers are allowed to continue to obtain health insurance coverage through the District after retirement. Teachers retiring after the attainment of age 55 with 20 years of service are eligible for coverage. The District will annually pay a maximum of $6,250 for single coverage and $12,500 for family coverage, or cash-in-lieu of health insurance, for a maximum of four years, but not past age 65. If a retiree dies while receiving retirement benefits, the surviving spouse will be eligible to receive any remaining benefits that would have been payable to the retired employee, had they survived, for a maximum of one year.

Employees covered by benefit terms. Plan membership consisted of the following as of July 1, 2021, the date of the latest actuarial valuation:

Retirees receiving health benefits	2
Active plan members	34
Total	36

NOTE F – OTHER POST EMPLOYMENT BENEFITS – Continued

Total OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB. At June 30, 2022, the District reported a total OPEB liability of $577,133 The net OPEB liability was measured as of June 30, 2021, determined by an actuarial valuation as of June 30, 2022. For the year ended June 30, 2022, the District recognized OPEB expense of $101,685.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 54,457	$ (52,129)
Changes in actuarial assumptions	-	(191,435)
	$ 54,457	$ (243,564)

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022, to be reported for the fiscal year end June 30, 2023.

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

Year Ended June 30	Deferred Inflows of Resources
2023	$ (10,372)
2024	(10,372)
2025	(10,372)
2026	(10,372)
2027	(10,372)
Thereafter	(137,247)

The contributions for retirees and beneficiaries have been funded on a pay-as-you-go basis, which are allocated among functions based on the proportionate amount of payroll cost. For the year ended June 30, 2022, medical and dental care premium expenditures on the pay-as-you-go basis amounted to $20,569. As of June 30, 2022, the Board of Education has decided not to establish a trust fund for funding the OPEB liability.

NOTE F – OTHER POST EMPLOYMENT BENEFITS – Continued

Changes in the OPEB liability.

Actuarial assumptions. The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Total OPEB Liability
Balance at beginning of year	$ 526,528
Changes for the year:	
Service cost	50,959
Interest cost	11,358
Changes of benefit terms	49,740
Differences between expected and actual experience	57,295
Changes in assumptions or other input	(98,178)
Benefit payments	(20,569)
Net changes	50,605
Balance at end of year	$ 577,133

Actuarial valuation date	July 1, 2021
Measurement date of OPEB liability	June 30, 2022
Experience Study	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial cost method	Entry Age Normal (level percent of salary)
Asset valuation method	Fair market value
Discount rate	3.54% (20-year AA municipal bond rate)
Health care trend	2.0% increasing to 6.0%, then decreasing by .5% per year down to 5.0%
Mortality	2020 WRS Experience Mortality Table

The actuarial assumptions were based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2020.

NOTE F – OTHER POST EMPLOYMENT BENEFITS – Continued

Sensitivity of the District's total OPEB liability to changes in the discount rate. The following presents the District's total OPEB liability calculated using the discount rate of 3.54%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate as of June 30, 2022:

	1% Decrease to Discount Rate: (2.54%)	Current Discount Rate: (3.54%)	1% Increase to Discount Rate: (4.54%)
OPEB liability	$ 624,087	$ 577,133	$ 533,625

Sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rate. The following presents the District's total OPEB liability calculated using the discount rate of 6.0%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current rate:

	1% Decrease to Discount Rate: (5.0%)	Healthcare Current Trend Rate: (6.0%)	1% Increase to Discount Rate: (7.0%)
OPEB liability	$ 527,946	$ 577,133	$ 638,222

NOTE G– RISK MANAGEMENT AND UNCERTAINTIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

NOTE H – COMMITMENTS AND CONTINGENCIES

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 legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowance, if any, would be immaterial.

NOTE I – LIMITATION ON SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase that is determined by the State legislature. The limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

NOTE J – SUBSEQUENT EVENTS

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 13, 2022, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

HUSTISFORD SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET
AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2022

	General Operations				Special Education				Total	
	Budget Amounts			Variance with Final Budget Favorable	Budget Amounts			Variance with Final Budget Favorable		Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)	Actual	(Unfavorable)
REVENUES:										
Property taxes	$ 2,892,616	$ 2,892,616	$ 2,892,616	$ -	$ -	$ -	$ -	$ -	$ 2,892,616	$ -
Other local sources	30,370	30,370	55,790	25,420	-	-	-	-	55,790	25,420
Interdistrict sources	392,621	392,621	368,144	(24,477)	-	-	-	-	368,144	(24,477)
Intermediate sources	3,186	3,186	2,477	(709)	-	-	-	-	2,477	(709)
State sources	2,271,202	2,271,202	2,304,586	33,384	154,700	154,700	169,606	14,906	2,474,192	48,290
Federal sources	163,464	163,964	287,545	123,581	141,944	152,630	134,788	(17,842)	422,333	105,739
Other	500	500	5,283	4,783	-	-	-	-	5,283	4,783
Total Revenues	5,753,959	5,754,459	5,916,441	161,982	296,644	307,330	304,394	(2,936)	6,220,835	159,046
EXPENDITURES:										
Instruction:										
Regular	2,626,140	2,626,140	2,858,324	(232,184)	-	-	458	(458)	2,858,782	(232,642)
Vocational	257,722	270,461	281,509	(11,048)	-	-	-	-	281,509	(11,048)
Special	-	-	26,251	(26,251)	535,453	543,853	500,873	42,980	527,124	16,729
Other	257,309	257,309	270,352	(13,043)	-	-	-	-	270,352	(13,043)
Total Instruction	3,141,171	3,153,910	3,436,436	(282,526)	535,453	543,853	501,331	42,522	3,937,767	(240,004)
Support Services:										
Pupil services	119,727	137,234	110,374	26,860	3,850	70,803	133,242	(62,439)	243,616	(35,579)
Instructional staff services	110,500	110,500	115,792	(5,292)	1,200	65,473	74,484	(9,011)	190,276	(14,303)
General administration services	254,840	254,840	242,268	12,572	-	-	-	-	242,268	12,572
School administration services	316,195	316,195	322,363	(6,168)	-	-	-	-	322,363	(6,168)
Business services	238,058	238,058	211,352	26,706	-	-	-	-	211,352	26,706
Operations and maintenance	486,719	486,719	539,610	(52,891)	-	-	30	(30)	539,640	(52,921)
Pupil transportation	286,500	286,500	312,446	(25,946)	500	500	387	113	312,833	(25,833)
Central services	18,200	18,200	19,385	(1,185)	1,300	1,300	2,481	(1,181)	21,866	(2,366)
Insurance	73,000	73,000	42,391	30,609	-	-	-	-	42,391	30,609
Principal and interest	-	-	13,651	(13,651)	-	-	-	-	13,651	(13,651)
Other support services	173,737	173,737	217,978	(44,241)	200	200	128	72	218,106	(44,169)
Total Support Services	2,077,476	2,094,983	2,147,610	(52,627)	7,050	138,276	210,752	(72,476)	2,358,362	(125,103)
Total Expenditures	5,218,647	5,248,893	5,584,046	(335,153)	542,503	682,129	712,083	(29,954)	6,296,129	(365,107)
Excess of Revenues Over (Under) Expenditures	535,312	505,566	332,395	(173,171)	(245,859)	(374,799)	(407,689)	32,890	(75,294)	(206,061)
Other Financing Sources (Uses):										
Transfer to special education	(390,692)	(390,692)	(407,689)	(16,997)	-	-	-	-	(407,689)	(16,997)
Transfer from general operations	-	-	-	-	390,694	390,694	407,689	16,995	407,689	16,995
Net Other Financing Sources (Uses)	(390,692)	(390,692)	(407,689)	(16,997)	390,694	390,694	407,689	16,995	-	(2)
Net Change in Fund Balance	144,620	114,874	(75,294)	(190,168)	144,835	15,895	-	144,835	(75,294)	(206,063)
Fund Balances:										
Beginning of year, as restated	1,553,553	1,553,553	1,553,553	-	-	-	-	-	1,553,553	-
End of year	$ 1,698,173	$ 1,668,427	$ 1,478,259	$ (190,168)	$ 144,835	$ 15,895	$ -	$ 144,835	$ 1,478,259	$ (206,063)

See notes to required supplementary information.

HUSTISFORD SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 50,959	$ 51,780	$ 53,788	$ 51,889	$ 54,552
Interest cost	11,358	12,769	11,544	27,119	27,505
Changes of benefit terms	49,740	-	-	-	-
Differences between expected and actual experience	57,295	-	(60,817)	-	-
Changes in assumptions or other input	(98,178)	-	(114,473)	-	-
Benefit payments	(20,569)	(59,565)	(14,726)	(58,867)	(89,044)
Net change in total OPEB liablity	50,605	4,984	(124,684)	20,141	(6,987)
Total OPEB liability - beginning	526,528	521,544	646,228	626,087	633,074
Total OPEB liability - ending	$ 577,133	$ 526,528	$ 521,544	$ 646,228	$ 626,087
Covered-employee payroll	$ 2,930,120	$ 2,958,002	$ 3,172,793	$ 3,203,784	$ 2,880,824
OPEB liablity as a percentage of covered-employee payroll	19.70%	17.80%	16.44%	20.17%	21.73%

* This schedule is presented to illustrate the requirements to show information for 10 years. Information prior to June 30, 2018 is not available.

HUSTISFORD SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM-LAST 10 FISCAL YEARS*
JUNE 30, 2022 **

	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.01750261%	0.01845699%	0.01871687%	0.01869045%	0.01860171%	0.01842523%
District's proportionate share of the net pension liability (asset)	$ (1,410,742)	$ (1,152,295)	$ (603,517)	$ 664,947	$ (552,306)	$ 151,868
District's covered-employee payroll	$ 2,758,202	$ 2,949,599	$ 3,042,354	$ 2,883,754	$ 2,727,895	$ 2,740,572
District's collective net pension liability (asset) as a percentage of the employer's covered employee payroll	(51.15%)	(39.07%)	(19.84%)	23.06%	(20.25%)	5.54%
Plan fiduciary net position as a percentage of the total pension liability (asset)	106.02%	105.26%	102.96%	96.45%	102.93%	99.12%

	2016	2015
District's proportion of the net pension liability (asset)	0.01777896%	0.01733356%
District's proportionate share of the net pension liability (asset)	$ 288,905	$ (425,760)
District's covered-employee payroll	$ 2,627,283	$ 2,493,820
District's collective net pension liability (asset) as a percentage of the employer's covered employee payroll	11.00%	(17.07%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.20%	102.74%

* This schedule is presented to illustrate the requirements to show information for 10 years. Information prior to June 30, 2015 is not available.

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

HUSTISFORD SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM - LAST 10 FISCAL YEARS*
JUNE 30, 2022 **

	2022	2021	2020	2019	2018	2017
Contractually required contributions	$ 186,179	$ 199,100	$ 199,374	$ 193,210	$ 185,495	$ 180,878
Contributions in relation to the contractually required contributions	(186,179)	(199,100)	(199,374)	(193,210)	(185,495)	(180,878)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,758,202	$ 2,949,599	$ 3,042,354	$ 2,883,754	$ 2,727,895	$ 2,740,572
Contributons as a percentage of covered-employee payroll	6.75%	6.75%	6.55%	6.70%	6.80%	6.60%

	2016	2015
Contractually required contributions	$ 178,655	$ 174,781
Contributions in relation to the contractually required contributions	(178,655)	(174,781)
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 2,627,283	$ 2,493,820
Contributons as a percentage of covered-employee payroll	6.80%	7.01%

* This schedule is presented to illustrate the requirements to show information for 10 years. Information prior to June 30, 2015 is not available.

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

NOTE A – SUMMARY OF PENSION CHANGES

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

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

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

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

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

NOTE A – SUMMARY OF PENSION CHANGES – Continued

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

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

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

NOTE A – SUMMARY OF PENSION CHANGES – Continued

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

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

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

NOTE B – SUMMARY OF OPEB CHANGES

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 to December 31,2020, the Actuary for the Wisconsin Retirement System determined that were the following assumption changes that were used to measure the total other pension and other benefits for the year-end June 30, 2022, which included the following:

- Increasing the discount rate from 2.20% to 3.54%.
- Morality, morality improvements, retirement, termination and disability rate assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Morality Table to the 2020 WRS Experience Morality Table.

NOTE C – EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2022:

General Fund	$ 393,386

OTHER SUPPLEMENTARY INFORMATION

HUSTISFORD SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Donations	Debt Service	Capital Projects	Food Service	Community Service	Total Non-Major Governmental
ASSETS						
Cash and investments	$ 106,619	$ 13,856	$ 25,383	$ 57,837	$ 163,067	$ 366,762
Accounts receivable	-	-	-	208	135	343
Due from other governments	-	-	-	22,611	-	22,611
Total Assets	$ 106,619	$ 13,856	$ 25,383	$ 80,656	$ 163,202	$ 389,716
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 3,057	$ -	$ 3,057
Total Liabilities	-	-	-	3,057	-	3,057
FUND BALANCES						
Fund Balances:						
Restricted	106,619	13,856	25,383	77,599	163,202	386,659
Total Fund Balances	106,619	13,856	25,383	77,599	163,202	386,659
Total Liabilities and Fund Balances	$ 106,619	$ 13,856	$ 25,383	$ 80,656	$ 163,202	$ 389,716

HUSTISFORD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Donations	Debt Service	Capital Projects	Food Service	Community Service	Total Non-major Governmental
REVENUES:						
Property taxes	$ -	$ 57,197	$ -	$ -	$ 45,100	$ 102,297
Other local sources	122,134	-	14	15,567	23,252	160,967
State sources	-	-	-	12,317	-	12,317
Federal sources	-	-	-	209,669	-	209,669
Other revenues	-	-	-	331	-	331
Total Revenues	122,134	57,197	14	237,884	68,352	485,581
EXPENDITURES:						
Instruction:						
Other	123,093	-	-	-	-	123,093
Total Instruction	123,093	-	-	-	-	123,093
Support Service:						
Operations and maintenance	-	-	102,246	-	-	102,246
Community service	-	-	-	-	55,826	55,826
Food service	-	-	-	196,381	-	196,381
Principal and Interest	-	54,305	-	-	-	54,305
Total Support Services	-	54,305	102,246	196,381	55,826	408,758
Total Expenditures	123,093	54,305	102,246	196,381	55,826	531,851
Excess of Revenues Over (Under) Expenditures	(959)	2,892	(102,232)	41,503	12,526	(46,270)
Other Financing Sources (Uses):						
Debt proceeds	-	-	102,246	-	-	102,246
Total Other Financing Sources	-	-	102,246	-	-	102,246
Net Change in Fund Balance	(959)	2,892	14	41,503	12,526	55,976
Fund Balances:						
Beginning of year	107,578	10,964	25,369	36,096	150,676	330,683
End of year	$ 106,619	$ 13,856	$ 25,383	$ 77,599	$ 163,202	$ 386,659

HUSTISFORD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2022

Federal or State Grantor/Pass-Through Grantor/Program Title	ALN/ State Id Number	Pass - Through Entity Identifying Number	(Accrued Receivable) Deferred Revenue 7/1/2021	Grantor Reimbursements	Accrued Receivable (Deferred Revenue) 6/30/2022	Disbursements/ Expenditures	Passed Through to Subrecipients
Federal Programs:							
U.S. Department of Agriculture							
Passed through Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
National School Lunch Program	10.555	2022-142625-DPI-NSL-547	$ -	$ 141,966	$ 18,086	$ 160,052	$ -
Food Donation Program	10.555	2022-142625-DPI-NSL-547	-	16,360	-	16,360	-
School Breakfast Program	10.553	2022-142625-DPI-SB-546	-	27,179	4,525	31,704	-
School Breakfast Program Severe	10.553	2022-412625-DPI-DB-SEVERE-546	-	1,553	-	1,553	-
Total Child Nutrition Cluster			-	187,058	22,611	209,669	-
U.S. Department of Treasury							
Passed through State of Wisconsin							
Get Kids Ahead	21.027	**	-	15,066	-	15,066	-
U.S. Department of Education							
Rural Education Achievement Program	84.358A	**	-	-	37,731	37,731	-
Passed through Wisconsin Department of Public Instruction							
Title I, Part A Grants to Local Education Agencies	84.010A	2022-142625-DPI-TIA-141	(21,161)	21,161	50,604	50,604	-
Title II, Part A Supporting Effective Instruction State Grants	84.367A	2022-142625-DPI-TIIA-365	(2,862)	3,902	12,358	13,398	-
Title IV, Part A Student Support and Academic Enrichment Grants	84.424A	2022-142625-DPI-TIVA-381	(14,001)	14,001	7,805	7,805	-
Emergency and Secondary School Emergency Relief	84.425	2022-142625-DPI-ESSERF-160	(14,500)	14,500	-	-	-
Emergency and Secondary School Emergency Relief II	84.425D	2022-142625-DPI-ESSERFII-163	-	30,065	-	30,065	-
American Rescue Plan	84.425U	2022-142625-DPI-ESSERFIII-165	-	-	53,247	53,247	-
Special Education Cluster		.					
IDEA Flow-Through Entitlement	84.027A	2022-142625-DPI-FLOW-341	(65,642)	93,341	87,299	114,998	-
IDEA Preschool Entitlement	84.173A	2022-142625-DPI-PRESCH-347	(5,276)	5,276	4,774	4,774	-
Total Special Education Cluster			(70,918)	98,617	92,073	119,772	-
Passed through CESA #6							
Carl Perkins Grant	84.048	2022-142625-DPI-CTE-400	-	1,613	864	2,477	-
U.S. Department of Health & Human Services							
Passed through Wisconsin Forward Health							
Medical Assistance Program-School Based Services	93.778	**	-	43,208	490	43,698	-
Total Federal Awards			$ (123,442)	$ 399,126	$ 277,783	$ 583,532	$ -
State Programs:							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	255.101	142625-100	$ -	$ 167,693	$ -	$ 167,693	$ -
State School Lunch Aid	255.102	142625-107	-	6,207	-	6,207	-
Common School Fund Library Aid	255.103	142625-104	-	21,012	-	21,012	-
General Transportation Aid	255.107	142625-102	-	9,218	-	9,218	-
Wisconsin School Day Milk Program	255.115	142625-109	-	849	-	849	-
General Equalization Aid	255.201	142625-116	(24,718)	1,788,002	-	1,763,284	-
Sparsity Aid	255.212	142625-162	-	149,013	-	149,013	-
Alcohol and other drug abuse	255.306	142625-143	-	12,313	-	12,313	-
School Breakfast Program	255.344	142625-108	-	5,261	-	5,261	-
Educator Effectiveness Grant	255.940	142625-154	-	-	3,440	3,440	-
Per Pupil Aid	255.945	142625-113	-	282,702	-	282,702	-
High Cost Transportation Aid	255.947	142625-114	-	38,551	-	38,551	-
Career and Technical Education Incentive Grants	255.950	142625-152	-	-	3,376	3,376	-
Assessments of Reading Readiness	255.956	142625-166	-	580	-	580	-
Aid for Special Education	255.960	142625-168	-	1,913	-	1,913	-
Total State Assistance			$ (24,718)	$ 2,483,314	$ 6,816	$ 2,465,412	$ -

** Information not provided.

The accompanying notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (schedule) include the federal and state grant activity of the District under programs of the federal and state government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Wisconsin Department of Public Instruction. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position changes in net position or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustment, these amounts may differ from prior years' ending balances.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate.

NOTE D – SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2021 – 2022 eligible costs and estimated aid reimbursement under the State Special Education Program are $575,652 and $155,426, respectively.

NOTE E – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling $16,360 in expenditures.

Huberty

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

To the Board of Education
Hustisford School District
Hustisford, 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 Hustisford School District ("District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Hustisford School District's Response to Findings

We noted certain matters that we reported to management of the District in a separate letter dated December 13, 2022.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of 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.

Huberty & Associates, S.C.

Fond du Lac, Wisconsin
December 13, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Education
Hustisford School District
Hustisford, Wisconsin

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the School District of Hustisford's (District) compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2022. The District's major state programs are identified in the section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Public School District Audit Manual*, we:

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

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2022-001 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Public School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Huberty & Associates, S.C.

Fond du Lac, Wisconsin
December 13, 2022

HUSTISFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over major state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness?	Yes
Noncompliance material to the financial statements noted?	No

State Awards

Type of auditor's report issued on compliance for major state programs	Unmodified
Internal control over major state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Any audit findings disclosed that are required to be reported in accordance with the *Wisconsin Public School District Audit Manual*?	No

Identification of major state programs:

State I.D. Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	General Equalization Aid

Dollar threshold used to distinguish between Type A and Type B programs	$250,000

SECTION II - FINANCIAL STATEMENT FINDINGS

2022-001 - Segregation of Duties

(Repeat finding from prior year: 2021-001)

Criteria:

The District should segregate accounting duties, at a minimum to separate the asset and the recordkeeping function, to minimize the opportunity for misstatements caused by error or fraud to occur and go undetected within a timely period by employees in the normal course of performing their assigned functions.

Condition:

The District does not have adequate segregation of duties in its accounting functions. Specifically, one individual is responsible for the entire payroll process. Also, one individual has the ability to cut checks, print the automatic signatures on the checks, and performs the bank reconciliations.

Cause:

A small number of individuals within the District's administration perform substantially all accounting functions and have control over both records and assets.

Effect or Potential Effect:

The lack of segregation of accounting duties could create an opportunity for misstatements caused by error or fraud to occur and go undetected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation:

Due to the size of the District, it is not practical to hire additional individuals in order to adequately segregate accounting duties; therefore, we recommend that the Administrator's and Board of Education's close supervision, review of accounting information and knowledge of matters relating to the District's financial operations provide an effective means of preventing and detecting errors and irregularities.

Views of Responsible Officials and Planned Corrective Actions:

We agree and the Finance Committee and Administration will continue to provide supervision and monitor accounting information and operations including obtaining explanations for variances from unexpected results and work to increase segregation of duties. Administration will continue to review and sign off on monthly bank reconciliations. The Finance Committee and Administration will continue to review a detailed check register monthly.

SECTION II - FINANCIAL STATEMENT FINDINGS – Continued

2022-002 – Preparation of Financial Statements and Schedule of Federal and State Awards

(Repeat finding from prior year: 2021-002)

Criteria:

The Administrators and Board of Education share responsibility for the District's internal control system including controls over financial reporting under generally accepted accounting principles (GAAP). Although we assist the District in drafting the financial statements and disclosures and Schedule of Expenditures of Federal and State Awards and management takes responsibility for the statements, we cannot be considered part of the internal control over GAAP financial statement preparation.

Condition:

The preparation of GAAP financial statements and footnote disclosures and Schedule of Expenditures of Federal and State Awards requires extensive knowledge of constantly changing accounting pronouncements. While the District's personnel have a thorough understanding of their operations, no one in the District has the accounting background sufficient to prepare the District's GAAP financial statements with complete disclosures and Schedule of Expenditures of Federal and State Awards, to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.

Cause:

Although District management has a thorough understanding of its operations, management has not monitored recent accounting developments.

Effect or Potential Effect:

Financial statements and related disclosures and Schedule of State and Federal Awards could be prepared without a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures and Schedule of Expenditures of Federal and State Awards, the District should implement a comprehensive review procedure to ensure that the financial statements, including disclosures and Schedule of Expenditures of Federal and State Awards, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of generally accepted accounting principles and knowledge of the District's activities and operations.

SECTION II - FINANCIAL STATEMENT FINDINGS – Continued

Views of Responsible Officials and Planned Corrective Actions:

The District Administrator and Board of Education acknowledge their responsibility for financial reporting under generally accepted accounting principles (GAAP). While District management has determined it is not cost effective to implement the infrastructure to prepare the financial statements, the Board of Education Treasurer, the Administrator, and Financial Coordinator will review the financial statements with the auditor and/or utilizing a GAAP disclosure checklist.

SECTION III – STATE AWARD FINDINGS

2022-001 – Segregation of Duties

See finding 2022-001 in Section II – Financial Statement findings.