



HUSTISFORD SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021



Huberty

Accounting | Analysis | Strategy | Planning

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Hustisford School District
Hustisford, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hustisford School District's basic financial statements. The combining and individual non-major fund financial statements, as listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Wisconsin Department of Public Instruction and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major 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 15, 2021, on our consideration of the Hustisford School 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 Hustisford School District's internal control over financial reporting and compliance.

Huberty & Associates, S.C.

Ripon, Wisconsin
December 15, 2021

BASIC FINANCIAL STATEMENTS

**HUSTISFORD SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

<u>ASSETS</u>	
Cash and investments	\$ 1,232,884
Taxes receivable	854,445
Accounts receivable	23,877
Prepaid expenses	89,353
Due from other governments	152,229
Noncurrent assets:	
Net pension asset	1,152,295
Capital assets:	
Non-depreciable capital assets	40,700
Depreciable capital assets, net	1,656,048
Total Assets	<u>5,201,831</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension sources	1,781,154
<u>LIABILITIES</u>	
Accounts payable	4,834
Accrued interest	219
Accrued salaries and wages	301,861
Accrued payroll liabilities	161,162
Health benefits payable	695
Noncurrent liabilities:	
Due within one year	42,259
Due in more than one year	125,561
Total OPEB liability	526,528
Total Liabilities	<u>1,163,119</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension sources	2,531,915
Other postemployment benefits sources	166,943
Total Deferred Inflows of Resources	<u>2,698,858</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,612,298
Restricted for:	
Capital projects	25,369
Community service	150,676
Debt service	10,964
Food service	36,096
Donations	107,578
Unrestricted	<u>1,178,027</u>
Total Net Position	<u><u>\$ 3,121,008</u></u>

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

HUSTISFORD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction:				
Regular	\$ 2,712,892	\$ 471,948	\$ 244,932	\$ (1,996,012)
Vocational	270,820	-	-	(270,820)
Special education	516,754	-	355,746	(161,008)
Other	306,950	9,743	-	(297,207)
Total Instruction	3,807,416	481,691	600,678	(2,725,047)
Support Services:				
Pupil services	232,334	-	14,525	(217,809)
Instructional staff services	185,342	-	20,363	(164,979)
General administration services	208,118	-	-	(208,118)
School administration services	347,318	-	-	(347,318)
Business services	190,302	-	-	(190,302)
Operations and maintenance	504,419	-	-	(504,419)
Pupil transportation	281,885	-	9,039	(272,846)
Central services	29,202	-	-	(29,202)
Insurance	70,171	-	-	(70,171)
Other support services	170,725	-	-	(170,725)
Food service	196,371	15,851	218,020	37,500
Community service	29,912	8,353	-	(21,559)
Interest and principal	4,462	-	-	(4,462)
Depreciation - unallocated	143,995	-	-	(143,995)
Total Support Services	2,594,556	24,204	261,947	(2,308,405)
Total Governmental Activities	\$ 6,401,972	\$ 505,895	\$ 862,625	(5,033,452)
General Revenues:				
Taxes				
Property taxes, levied for general purposes				3,220,154
Property taxes, levied for debt service				52,710
Property taxes, levied for community service				20,684
Federal and state aid not restricted to specific purposes				
General				2,042,867
Interest and investment earnings				5,255
Miscellaneous				92,834
Gain on disposal of capital assets				3,205
Changes in Net Position				404,257
Net Position:				
Beginning of year				2,617,919
Cumulative effect of change in accounting principle				98,832
End of year				\$ 3,121,008

**HUSTISFORD SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Other Governmental	Total Governmental
<u>ASSETS</u>			
Cash and cash equivalents	\$ 897,773	\$ 335,111	\$ 1,232,884
Taxes receivable	854,445	-	854,445
Accounts receivable	23,471	406	23,877
Prepaid expenses	89,353	-	89,353
Due from other governments	152,229	-	152,229
Total Assets	<u>\$ 2,017,271</u>	<u>\$ 335,517</u>	<u>\$ 2,352,788</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 4,834	\$ 4,834
Accrued salaries and wages	301,861	-	301,861
Accrued payroll liabilities	161,162	-	161,162
Health benefits payable	695	-	695
Total Liabilities	<u>463,718</u>	<u>4,834</u>	<u>468,552</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Prepaid expenses	89,353	-	89,353
Restricted for:			
Capital projects	-	25,369	25,369
Community service	-	150,676	150,676
Debt service	-	10,964	10,964
Food service	-	36,096	36,096
Donations	-	107,578	107,578
Unassigned	<u>1,464,200</u>	<u>-</u>	<u>1,464,200</u>
Total Fund Balances	<u>1,553,553</u>	<u>330,683</u>	<u>1,884,236</u>
Total Liabilities and Fund Balances	<u>\$ 2,017,271</u>	<u>\$ 335,517</u>	

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental capital assets	\$ 8,742,482	
Governmental accumulated depreciation	(7,045,734)	1,696,748
Deferred outflows of resources (related to pensions)		1,781,154
Deferred inflows of resources (related to pensions)		(2,531,915)
Deferred inflows of resources (related to other post employment benefits)		(166,943)
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	(141,716)	
Accrued interest on general obligation debt	(219)	
Net pension (liability) asset	1,152,295	
Total OPEB liability	(526,528)	
Vested employee benefits	(26,104)	457,728
Total Net Position - Governmental Activities		<u>\$ 3,121,008</u>

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, 2021

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
REVENUES:			
Property taxes	\$ 3,220,154	\$ 73,394	\$ 3,293,548
Other local sources	90,917	102,501	193,418
Interdistrict sources	396,005	-	396,005
Intermediate sources	3,986	-	3,986
State sources	2,256,166	4,474	2,260,640
Federal sources	433,907	213,546	647,453
Other	10,706	476	11,182
Total Revenues	<u>6,411,841</u>	<u>394,391</u>	<u>6,806,232</u>
EXPENDITURES:			
Instruction:			
Regular	2,842,990	-	2,842,990
Vocational	292,122	-	292,122
Special	549,668	-	549,668
Other	254,301	70,002	324,303
Total Instruction	<u>3,939,081</u>	<u>70,002</u>	<u>4,009,083</u>
Support Service:			
Pupil services	245,908	-	245,908
Instructional staff services	186,299	-	186,299
General administration services	221,518	-	221,518
School administration services	373,010	-	373,010
Business services	204,429	-	204,429
Operations and maintenance	543,370	-	543,370
Pupil transportation	296,885	-	296,885
Central services	18,589	-	18,589
Insurance	70,171	-	70,171
Food service	-	197,776	197,776
Community service	-	25,045	25,045
Principal and interest	-	52,556	52,556
Other	178,712	-	178,712
Total Support Services	<u>2,338,891</u>	<u>275,377</u>	<u>2,614,268</u>
Total Expenditures	<u>6,277,972</u>	<u>345,379</u>	<u>6,623,351</u>
Excess of Revenues Over (Under) Expenditures	133,869	49,012	182,881
Other Financing Sources (Uses):			
Transfer from general operations	-	6,926	6,926
Transfer to debt service fund	(6,926)	-	(6,926)
Total Other Financing Sources	<u>(6,926)</u>	<u>6,926</u>	<u>-</u>
Net Change in Fund Balance	126,943	55,938	182,881
Fund Balances:			
Beginning of year	1,426,610	175,913	1,602,523
Cumulative effect of change in accounting principle	-	98,832	98,832
End of year	<u>\$ 1,553,553</u>	<u>\$ 330,683</u>	<u>\$ 1,884,236</u>

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, 2021**

Net change in fund balances - total governmental funds \$ 182,881

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

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

Capital outlay reported in governmental fund statements	\$ 40,164	
Depreciation expense reported in the statement of activities	<u>(182,205)</u>	(142,041)

The district disposed of capital assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net position as a net loss and has no effect on the governmental funds balance sheet.

The value of capital assets disposed of during the year was:	(15,900)	
The amount of depreciation recapture of the year was:	<u>15,900</u>	-

The entire proceeds from the sale of assets are reported in the governmental funds as an increase in other financing sources. However, only the gain on the sale of the assets is reported in the statement of activities.

Sale price of assets sold during the current period was:	3,205	
Gain on sale of capital assets	<u>(3,205)</u>	-

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	315,600	
Net (increase) decrease in other postemployment benefits	<u>3,361</u>	318,961

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 earned in current year		(3,638)
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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.

Long-term debt principal payments in the current year		48,015
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In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as it accrues.

The amount of interest paid during the current period	4,541	
The amount of interest accrued during the period.	<u>(4,462)</u>	<u>79</u>

Change in Net Position - Governmental Activities		<u>\$ 404,257</u>
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HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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 capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net 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.

**HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021, 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.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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.

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."

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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 2020-21 General Fund Expenditures	\$ 5,557,415
Minimum Fund Balance %	15%
Minimum Fund Balance Amount	<u>\$ 833,612</u>

The District's unassigned general fund balance of \$1,464,200 is above minimum fund balance amount.

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.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

New GASB Pronouncements

Governmental Accounting Standard Board has issued the following standards which will be effective in subsequent years:

Statement 87, *Leases* is effective for fiscal years beginning after June 15, 2021

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 – NEW GASB PRONOUNCEMENT/CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2021, the District implemented the following statement of financial accounting standards issued by the Governmental Accounting Standards Board:

Statement 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

To implement this standard, the District has evaluated all student activity and scholarship funds and determined the proper reporting of these funds is non-fiduciary. Therefore, the District has moved these funds into the special revenue fund, Donations. The District's net position was restated by \$98,832 to account for this change in accounting principle as of July 1, 2020.

	Governmental Activities	Donations Fund
Fund balance/net position, beginning of year, as previously reported	\$2,617,919	\$ -
Change in accounting principle	98,832	98,832
Fund balance/net position, end of year, as restated	<u>\$2,716,751</u>	<u>\$ 98,832</u>

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE B – NEW GASB PRONOUNCEMENT/CHANGE IN ACCOUNTING PRINCIPLE – Continued

Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement increases the consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform and mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trust that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

NOTE C – 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.

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.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE C - CASH AND INVESTMENTS - Continued

	Category			Total	Carrying Amount
	1	2	3		
Financial institutions	\$ 407,307	\$ 600,000	\$ 285,764	\$ 1,293,071	\$ 1,219,982
Wisconsin Local Government Investment Pool					12,902
Total deposits and investments					\$ 1,232,884
Per statement of net position:					
Cash and investments					\$ 1,232,884

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, 2021, 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.

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	\$ -

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE C - CASH AND INVESTMENTS - Continued

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, 2021, 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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Local government investment pool	<u>\$ -</u>	<u>\$ 12,902</u>	<u>\$ -</u>	<u>\$ 12,902</u>

NOTE D - INTERFUND BALANCES AND ACTIVITY

Interfund transfers for the year ended June 30, 2021 were as follows:

<u>Transfer from:</u>	<u>Purpose</u>	<u>Transfer to:</u>
		<u>Debt Service</u>
General fund	Payment on long-term debt	<u>\$ 6,926</u>

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE E - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, nondepreciable:				
Sites (land)	\$ 40,700	\$ -	\$ -	\$ 40,700
Capital assets, depreciable:				
Buildings	7,190,303	-	-	7,190,303
Furniture and equipment	1,487,215	40,164	15,900	1,511,479
Total capital assets, depreciable	8,677,518	40,164	15,900	8,701,782
Less accumulated depreciation for:				
Buildings	(5,704,962)	(143,995)	-	(5,848,957)
Furniture and equipment	(1,174,467)	(38,210)	15,900	(1,196,777)
Total accumulated depreciation	(6,879,429)	(182,205)	15,900	(7,045,734)
Total capital assets, depreciable, net,	1,798,089	(142,041)	-	1,656,048
Total Governmental Activities	\$ 1,838,789	\$ (142,041)	\$ -	\$ 1,696,748

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

Regular instruction	\$ 7,387
Special education instruction	60
Other instruction	836
Instructional staff services	7,154
Food service	5,528
Community service	4,867
Central services	10,613
School administration services	1,765
Depreciation not charged to a specific function	143,995
Total Depreciation for Governmental Activities	\$ 182,205

Assets acquired through capital leases are furniture and equipment. The balance of furniture and equipment is \$106,391, and the accumulated depreciation is \$101,617.

NOTE F - SHORT-TERM NOTES PAYABLE

The District borrows funds on an as needed basis to meet the needs of the District between tax payments. During the year ended June 30, 2021, the District did not utilize any short-term debt.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE G - LONG-TERM OBLIGATIONS

Long-term liability balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Direct Borrowing:					
Bonds and notes payable	\$ 189,731	\$ -	\$ 48,015	\$ 141,716	\$ 42,259
Other Liabilities:					
Vested employee benefits:					
Vacation and sick pay	22,466	3,638	-	26,104	-
Total Long-Term Liabilities	\$ 212,197	\$ 3,638	\$ 48,015	\$ 167,820	\$ 42,259

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 \$4,541.

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 06/30/2021
Promissory Note	6/16/2020	6/16/2025	2.75%	\$ 104,105	\$ 84,374
Promissory Note	1/1/2014	1/1/2024	2.75%	203,047	57,342
Total General Obligation Debt					<u>\$ 141,716</u>

The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$343,873,186. The legal debt limit and margin of indebtedness as of June 30, 2021 in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (10% of \$343,873,186)	\$ 34,387,319
Deduct long-term debt applicable to debt margin (less available for debt service)	130,752
Margin of indebtedness	<u>\$ 34,256,567</u>

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

Year Ended June 30	Principal	Interest	Total
2022	\$ 42,259	\$ 3,371	\$ 45,630
2023	43,436	2,194	45,630
2024	35,864	1,039	36,903
2025	20,157	282	20,439
Total	<u>\$ 141,716</u>	<u>\$ 6,886</u>	<u>\$ 148,602</u>

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

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE H - 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 <http://etf.wi.gov/publications/cafr.htm>

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

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

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE H - 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
2011	(1.2%)	11.0%
2012	(7.0%)	(7.0%)
2013	(9.6%)	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	(5.0%)
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	(10.0%)
2020	1.7%	21.0%

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including teachers, 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 \$199,100 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

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

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE H - PENSION PLAN - Continued

Pension liabilities, pension expense (revenue), and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2021, the District reported a liability (asset) of (\$1,152,295) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.01845699%, which was an decrease of 0.00025988% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of (\$131,055).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 1,667,725	\$ (359,225)
Net differences between projected and actual earnings on pension plan investments	-	(2,163,340)
Changes in assumptions	26,136	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,153	(9,350)
Employer contributions subsequent to the measurement measurement date	85,140	-
	<u>\$ 1,781,154</u>	<u>\$ (2,531,915)</u>

\$85,140 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, 2021. 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:

<u>Year Ended June 30</u>	
2021	\$ (215,898)
2022	(59,247)
2023	(393,459)
2024	(167,297)
Thereafter	-

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE H - PENSION PLAN - Continued

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

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

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

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

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

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE H - PENSION PLAN - Continued

Long-term expected return on plan assets - Continued

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

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

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

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

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

Single discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE H - 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 7.00%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's proportionate share of the net pension liability (asset)	\$ 1,096,825	\$ (1,152,295)	\$ (2,804,258)

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 \$20,152 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2021.

NOTE I - 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, 2020, the date of the latest actuarial valuation:

Retirees receiving health benefits	1
Active plan members	39
Total	<u>40</u>

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE I - 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, 2021, the District reported a total OPEB liability of \$526,528. The total OPEB liability was measured as of June 30, 2021, determined by an actuarial valuation as of July 1, 2019. For the year ended June 30, 2021, the District recognized OPEB expense of \$56,201.

At June 30, 2021, 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	\$ -	\$ (57,921)
Changes in actuarial assumptions	-	(109,022)
	<u>\$ -</u>	<u>\$ (166,943)</u>

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021.

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
2020	\$ (8,347)
2021	(8,347)
2022	(8,347)
2023	(8,347)
2024	(8,347)
Thereafter	(125,208)

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, 2021, medical and dental care premium expenditures on the pay-as-you-go basis amounted to \$14,725. As of June 30, 2021, the Board of Education has decided not to establish a trust fund for funding the OPEB liability.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE I - OTHER POST EMPLOYMENT BENEFITS - Continued

Changes in the OPEB liability.

Actuarial assumptions. The total OPEB liability in the July 1, 2020 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	\$ 521,544
Changes for the year:	
Service cost	51,780
Interest cost	12,769
Benefit payments	(59,565)
Net changes	• 4,984
Balance at end of year	\$ 526,528

Actuarial valuation date	July 1, 2020
Measurement date of OPEB liability	June 30, 2021
Actuarial cost method	Entry Age Normal (level percent of salary)
Asset valuation method	Fair market value
Discount rate	2.2% (20-year AA municipal bond rate)
Health care trend	9.0% decreasing to 7.0%, then decreasing by .5% per year down to 5.0%
Salary increases	2.0%
Mortality	Wisconsin Retirement System 2015-2017 Experience Study Table

The actuarial assumptions were based on an experience study conducted in 2019 using Wisconsin Retirement System (WRS) experience from 2015-2017.

HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE I - 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 2.2%, 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 (1.2%) or 1-percentage-point higher (3.2%) than the current rate as of June 30, 2021:

	1% Decrease to Discount Rate: (1.0%)	Current Discount Rate: (2.2%)	1% Increase to Discount Rate: (3.2%)
OPEB liability	\$ 579,437	\$ 526,528	\$ 478,201

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 9.0%, 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 (8.0%) or 1-percentage-point higher (10.0%) than the current rate:

	1% Decrease to Discount Rate: (8.0%)	Healthcare Current Trend Rate: (9.0%)	1% Increase to Discount Rate: (10.0%)
OPEB liability	\$ 479,509	\$ 526,528	\$ 585,197

NOTE J - OPERATING LEASES

The District, as lessee, leases office equipment. The agreement required monthly payments of \$1,138 for 60 months. Lease expense for the year ended June 30, 2021 was \$13,651.

Future minimum lease payments are as follows:

2022	\$ 13,651
2023	13,651
2024	12,514
	<u>\$ 39,816</u>

NOTE K - 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.

On March 11, 2020, the World Health Organization characterized a strain of coronavirus (COVID-19) as a pandemic. The District believes it understands the risks associated with COVID-19. The District is in the process of implementing risk mitigation tactics for the District as to the risk of the impact, if any, of COVID-19 related to all aspects of the School's business transactions.

**HUSTISFORD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE L - 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 M - 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 N - SUBSEQUENT EVENTS

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 15, 2021, 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, 2021

	General Operations				Special Education				Total	
	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final				
REVENUES:										
Property taxes	\$ 3,213,074	\$ 3,220,154	\$ 3,220,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,220,154	\$ -
Other local sources	53,885	53,935	90,917	36,982	-	-	-	-	90,917	36,982
Interdistrict sources	415,076	415,076	396,005	(19,071)	-	-	-	-	396,005	(19,071)
Intermediate sources	2,138	2,138	2,486	348	-	-	1,500	1,500	3,986	1,848
State sources	2,117,045	2,117,045	2,086,205	(30,840)	147,808	147,808	169,961	22,153	2,256,166	(8,687)
Federal sources	119,922	119,922	249,622	129,700	120,071	121,646	184,285	62,639	433,907	192,339
Other	-	500	10,706	10,206	-	-	-	-	10,706	10,206
Total Revenues	5,921,140	5,928,770	6,056,095	127,325	267,879	269,454	355,746	86,292	6,411,841	213,617
EXPENDITURES:										
Instruction:										
Regular	2,943,496	2,941,906	2,842,990	98,916	-	-	-	-	2,842,990	98,916
Vocational	295,850	295,850	292,122	3,728	-	-	-	-	292,122	3,728
Special	-	-	-	-	571,489	568,136	549,668	18,468	549,668	18,468
Other	281,269	249,269	254,301	(5,032)	-	-	-	-	254,301	(5,032)
Total Instruction	3,520,615	3,487,025	3,389,413	97,612	571,489	568,136	549,668	18,468	3,939,081	116,080
Support Services:										
Pupil services	148,283	160,371	170,192	(9,821)	77,619	73,644	75,716	(2,072)	245,908	(11,893)
Instructional staff services	122,297	159,172	107,332	51,840	82,848	82,943	78,967	3,976	186,299	55,816
General administration services	242,751	242,751	221,518	21,233	-	-	-	-	221,518	21,233
School administration services	382,455	382,333	373,010	9,323	-	-	-	-	373,010	9,323
Business services	196,315	203,315	204,429	(1,114)	-	-	-	-	204,429	(1,114)
Operations and maintenance	559,093	559,093	543,370	15,723	15,700	100	-	100	543,370	15,823
Pupil transportation	289,345	289,345	281,272	8,073	-	16,100	15,613	487	296,885	8,560
Central services	16,500	16,500	18,081	(1,581)	1,500	1,500	508	992	18,589	(589)
Insurance	74,000	74,000	70,171	3,829	-	-	-	-	70,171	3,829
Other support services	189,202	186,612	178,627	7,985	1,000	500	85	415	178,712	8,400
Total Support Services	2,220,241	2,273,492	2,168,002	105,490	178,667	174,787	170,889	3,898	2,338,891	109,388
Total Expenditures	5,740,856	5,760,517	5,557,415	203,102	750,156	742,923	720,557	22,366	6,277,972	225,468
Excess of Revenues Over (Under) Expenditures	180,284	168,253	498,680	330,427	(482,277)	(473,469)	(364,811)	(108,658)	133,869	439,085
Other Financing Sources (Uses):										
Transfer to special education	(482,277)	(473,469)	(364,811)	108,658	-	-	-	-	(364,811)	108,658
Transfer from general operations	-	-	-	-	482,277	473,469	364,811	(108,658)	364,811	(108,658)
Transfer to debt service	-	(6,926)	(6,926)	-	-	-	-	-	(6,926)	-
Transfer to food service	-	(14,698)	-	14,698	-	-	-	-	-	14,698
Net Other Financing Sources (Uses)	(482,277)	(495,093)	(371,737)	123,356	482,277	473,469	364,811	(108,658)	(6,926)	14,698
Net Change in Fund Balance	(301,993)	(326,840)	126,943	453,783	-	-	-	-	126,943	453,783
Fund Balances:										
Beginning of year	1,426,610	1,426,610	1,426,610	-	-	-	-	-	1,426,610	-
End of year	\$ 1,124,617	\$ 1,099,770	\$ 1,553,553	\$ 453,783	\$ -	\$ -	\$ -	\$ -	\$ 1,553,553	\$ 453,783

HUSTISFORD SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 51,780	\$ 53,788	\$ 51,889	\$ 54,552
Interest cost	12,769	11,544	27,119	27,505
Differences between expected and actual experience	-	(60,817)	-	-
Changes in assumptions or other input	-	(114,473)	-	-
Benefit payments	(59,565)	(14,726)	(58,867)	(89,044)
Net change in total OPEB liability	4,984	(124,684)	20,141	(6,987)
Total OPEB liability - beginning	521,544	646,228	626,087	633,074
Total OPEB liability - ending	\$ 526,528	\$ 521,544	\$ 646,228	\$ 626,087
Covered-employee payroll	\$ 2,958,002	\$ 3,172,793	\$ 3,203,784	\$ 2,880,824
OPEB liability as a percentage of covered-employee payroll	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, 2021 **

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.01845699%	0.01871687%	0.01869045%	0.01860171%	0.01842523%	0.01777896%
District's proportionate share of the net pension liability (asset)	\$ (1,152,295)	\$ (603,517)	\$ 664,947	\$ (552,306)	\$ 151,868	\$ 288,905
District's covered-employee payroll	\$ 2,949,599	\$ 3,042,354	\$ 2,883,754	\$ 2,727,895	\$ 2,740,572	\$ 2,627,283
District's collective net pension liability (asset) as a percentage of the employer's covered employee payroll	(39.07%)	(19.84%)	23.06%	(20.25%)	5.54%	11.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%
	<u>2015</u>					
District's proportion of the net pension liability (asset)	0.01733356%					
District's proportionate share of the net pension liability (asset)	\$ (425,760)					
District's covered-employee payroll	\$ 2,493,820					
District's collective net pension liability (asset) as a percentage of the employer's covered employee payroll	(17.07%)					
Plan fiduciary net position as a percentage of the total pension liability (asset)	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, 2021 ****

	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 199,100	\$ 199,374	\$ 193,210	\$ 185,495	\$ 180,878	\$ 178,655
Contributions in relation to the contractually required contributions	(199,100)	(199,374)	(193,210)	(185,495)	(180,878)	(178,655)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,949,599	\$ 3,042,354	\$ 2,883,754	\$ 2,727,895	\$ 2,740,572	\$ 2,627,283
Contributons as a percentage of covered-employee payroll	6.75%	6.55%	6.70%	6.80%	6.60%	6.80%
	2015					
Contractually required contributions	\$ 174,781					
Contributions in relation to the contractually required contributions	(174,781)					
Contribution deficiency (excess)	<u>\$ -</u>					
District's covered-employee payroll	\$ 2,493,820					
Contributons as a percentage of covered-employee payroll	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.

HUSTISFORD SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

NOTE A – SUMMARY OF PENSION CHANGES

Changes of benefit terms – There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

NOTE B – SUMMARY OF OPEB CHANGES

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

Changes of assumptions. There were no changes in the assumptions.

OTHER SUPPLEMENTARY INFORMATION

HUSTISFORD SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Donations</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Total Non-Major Governmental</u>
<u>ASSETS</u>						
Cash and investments	\$ 107,578	\$ 10,964	\$ 25,369	\$ 40,524	\$ 150,676	\$ 335,111
Accounts receivable	-	-	-	406	-	406
Total Assets	<u>\$ 107,578</u>	<u>\$ 10,964</u>	<u>\$ 25,369</u>	<u>\$ 40,930</u>	<u>\$ 150,676</u>	<u>\$ 335,517</u>
<u>LIABILITIES</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 4,834	\$ -	\$ 4,834
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,834</u>	<u>-</u>	<u>4,834</u>
<u>FUND BALANCES</u>						
Fund Balances:						
Restricted	107,578	10,964	25,369	36,096	150,676	330,683
Total Fund Balances	<u>107,578</u>	<u>10,964</u>	<u>25,369</u>	<u>36,096</u>	<u>150,676</u>	<u>330,683</u>
Total Liabilities and Fund Balances	<u>\$ 107,578</u>	<u>\$ 10,964</u>	<u>\$ 25,369</u>	<u>\$ 40,930</u>	<u>\$ 150,676</u>	<u>\$ 335,517</u>

HUSTISFORD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Donations	Debt Service	Capital Projects	Food Service	Community Service	Total Non-major Governmental
REVENUES:						
Property taxes	\$ -	\$ 52,710	\$ -	\$ -	\$ 20,684	\$ 73,394
Other local sources	78,748	-	24	15,376	8,353	102,501
State sources	-	-	-	4,474	-	4,474
Federal sources	-	-	-	213,546	-	213,546
Other revenues	-	-	-	476	-	476
Total Revenues	78,748	52,710	24	233,872	29,037	394,391
EXPENDITURES:						
Instruction:						
Other	70,002	-	-	-	-	70,002
Total Instruction	70,002	-	-	-	-	70,002
Support Service:						
Community service	-	-	-	-	25,045	25,045
Food service	-	-	-	197,776	-	197,776
Principal and Interest	-	52,556	-	-	-	52,556
Total Support Services	-	52,556	-	197,776	25,045	275,377
Total Expenditures	70,002	52,556	-	197,776	25,045	345,379
Excess of Revenues Over (Under) Expenditures	8,746	154	24	36,096	3,992	49,012
Other Financing Sources (Uses):						
Transfer from general operations	-	6,926	-	-	-	6,926
Total Other Financing Sources	-	6,926	-	-	-	6,926
Net Change in Fund Balance	8,746	7,080	24	36,096	3,992	55,938
Fund Balances:						
Beginning of year	-	3,884	25,345	-	146,684	175,913
Cumulative effect of change in accounting principle	98,832	-	-	-	-	98,832
End of year	\$ 107,578	\$ 10,964	\$ 25,369	\$ 36,096	\$ 150,676	\$ 330,683

HUSTISFORD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021

Federal or State Grantor/Pass-Through Grantor/Program Title	ALN/ State Id Number	Pass - Through Entity Identifying Number	(Accrued Receivable) Deferred Revenue 7/1/2020	Grantor Reimbursements	Accrued Receivable (Deferred Revenue) 6/30/2021	Disbursements/ Expenditures	Passed Through to Subrecipients
Federal Programs:							
U.S. Department of Agriculture							
Passed through Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
School Breakfast Program	10.553	2021-142625-DPI-SB-546	\$ (7,814)	\$ 47,775	\$ -	\$ 39,961	\$ -
COVID19 School Breakfast Program	10.553	2021-142625-DPI-SB-SEVERE-546	-	31,484	-	31,484	-
Food Donation Program	10.555	2021-142625-DPI-NSL-547	-	14,238	-	14,238	-
National School Lunch Program	10.555	2021-142625-DPI-NSL-547	(14,780)	142,643	-	127,863	-
Total Child Nutrition Cluster			(22,594)	236,140	-	213,546	-
U.S. Department of Education							
Rural Education Achievement Program	84.358A	*	(35,401)	49,926	-	14,525	-
Passed through Wisconsin Department of Public Instruction							
Title I, Part A Grants to Local Education Agencies	84.010	2021-142625-DPI-TIA-141	(11,023)	33,054	21,161	43,192	-
Title II, Part A, Grants to Local Education Agencies	84.367	2021-142625-DPI-TIIA-365	(2,164)	11,348	2,862	12,046	-
Title IV, Part A, Student Support and Academic Enrichment	84.424	2021-142625-DPI-TIV-A-381	(1,168)	1,168	14,001	14,001	-
Emergency and Secondary School Emergency Relief	84.425D	2021-142625-DPI-ESSERF-160	-	137,364	14,500	151,864	-
Special Education Cluster							
Special Education Grants to States	84.027	2021-142625-DPI-IDEA-FT-341	(40,727)	119,368	65,642	144,283	-
Special Education Preschool Grants	84.173	2021-142625-DPI-IDEA-P-347	(318)	2,871	5,276	7,829	-
Total Special Education Cluster			(41,045)	122,239	70,918	152,112	-
Passed through CESA #6							
Career and Technical Education Basic Grants to States	84.048	29-217	-	2,486	-	2,486	-
U.S. Department of Health & Human Services							
Passed through Wisconsin Forward Health							
Medicaid Cluster							
Medical Assistance Program-School Based Services	93.778	*	-	46,166	-	46,166	-
Total Federal Awards			<u>\$ (113,395)</u>	<u>\$ 639,891</u>	<u>\$ 123,442</u>	<u>\$ 649,938</u>	<u>\$ -</u>
State Programs:							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	255.101	142625-100	\$ -	\$ 167,961	\$ -	\$ 167,961	\$ -
State School Lunch Aid	255.102	142625-107	-	2,047	-	2,047	-
Common School Fund Library Aid	255.103	142625-104	-	20,363	-	20,363	-
General Transportation Aid	255.107	142625-102	-	9,039	-	9,039	-
Wisconsin School Day Milk Program	255.115	142625-109	-	1,391	-	1,391	-
General Equalization Aid	255.201	142625-116	(29,207)	1,568,886	24,718	1,564,397	-
Sparsity Aid	255.212	142625-162	-	161,630	-	161,630	-
School Breakfast Program	255.344	142625-108	-	1,036	-	1,036	-
Educator Effectiveness Grant	255.940	142625-154	-	3,600	-	3,600	-
Per Pupil Aid	255.945	142625-113	-	298,284	-	298,284	-
Career and Technical Education	255.950	142625-171	-	3,191	-	3,191	-
Assessments of Reading Readiness	255.956	142625-166	-	558	-	558	-
Aid for Special Education Transition Grant BBL	255.960	142625-168	-	2,000	-	2,000	-
Passed through CESA #6							
EEN State Categorical Aid	97-770	*	-	1,500	-	1,500	-
Wisconsin Department of Justice							
Safety Grant	455.206	2018-SSI-01-13282	-	1,275	-	1,275	-
Mental Health Training	455.206	2018-SSI-01-14329	-	5,312	-	5,312	-
Total State Assistance			<u>\$ (29,207)</u>	<u>\$ 2,248,073</u>	<u>\$ 24,718</u>	<u>\$ 2,243,584</u>	<u>\$ -</u>

* Information not provided.

**HUSTISFORD SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021**

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, 2021. 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 or changes in net position 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 2020 - 2021 eligible costs and estimated aid reimbursement under the State Special Education Program are \$566,424 and \$140,473, 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, 2021, the District had food commodities totaling \$14,238.



**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

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

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

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

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 15, 2021.

The Hustisford School District's response to the findings identified in our audit is described in the accompanying summary of auditor's results. 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.

Ripon, Wisconsin
December 15, 2021



**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

We have audited the Hustisford School District (District's) 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, 2021. The District's major state programs are identified in the accompanying summary of auditor's results.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 deficiency in internal control over compliance described in the accompanying summary of auditor's results as item 2021-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

District's Response to Findings

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying summary of auditor's results. The District's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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 testing based on requirements of the *Wisconsin Public School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Huberty & Associates, S.C.

Ripon, Wisconsin
December 15, 2021

HUSTISFORD SCHOOL DISTRICT
SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED JUNE 30, 2021

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 <i>Wisconsin Public School District Audit Manual</i> ?	No

Identification of major state programs:

<u>State I.D. Number</u>	<u>Name of State Program</u>
255.201	General Equalization Aid

Dollar threshold used to distinguish between Type A and Type B programs	\$250,000
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HUSTISFORD SCHOOL DISTRICT
SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED JUNE 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

2021-001 - Segregation of Duties

(Repeat finding from prior year: 2020-001)

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.

HUSTISFORD SCHOOL DISTRICT
SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED JUNE 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS - Continued

2021-002 – Preparation of Financial Statements and Schedule of Federal and State Awards

(Repeat finding from prior year: 2020-002)

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 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 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 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 Federal and State Awards, the District should implement a comprehensive review procedure to ensure that the financial statements, including disclosures and Schedule 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.

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.

**HUSTISFORD SCHOOL DISTRICT
SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED JUNE 30, 2021**

SECTION III - STATE AWARD FINDINGS

2021-001 - Segregation of Duties

See finding 2021-001 in Section II - Financial Statement findings.