

**REEDSVILLE PUBLIC SCHOOLS
REEDSVILLE, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Reedsville Public Schools
Reedsville, 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 Reedsville Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Reedsville Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

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 Reedsville Public Schools' basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

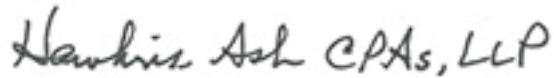
The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of the Reedsville Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Reedsville Public Schools' internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
November 8, 2021

**REEDSVILLE PUBLIC SCHOOLS
REEDSVILLE, WISCONSIN
BASIC
FINANCIAL STATEMENTS**

**REEDSVILLE PUBLIC SCHOOLS
REEDSVILLE, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

REEDSVILLE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 5,736,143
Receivables	
Taxes	1,203,552
Due from other governments	527,413
Wisconsin Retirement System net pension	1,502,353
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	51,500
Capital assets being depreciated	<u>12,732,316</u>
TOTAL ASSETS	<u>21,753,277</u>
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	2,375,500
Wisconsin Retirement System LRLIF	137,069
OPEB healthcare	<u>178,136</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,690,705</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>24,443,982</u>
LIABILITIES	
Accounts payable	3,780
Accrued liabilities	
Payroll, payroll taxes, insurance	384,739
Interest	5,593
Unearned revenue	23,186
Current portion of long-term obligations	2,407,337
Noncurrent portion of long-term obligations	<u>1,786,732</u>
TOTAL LIABILITIES	<u>4,611,367</u>
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	3,294,414
Wisconsin Retirement System LRLIF	41,977
OPEB healthcare	<u>461,786</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,798,177</u>
NET POSITION	
Net investment in capital assets	10,441,816
Restricted for	
Special revenue	298,825
Debt service	1,241,451
Capital projects	3,709,188
Other activities	1,508,197
Unrestricted	<u>(1,165,039)</u>
TOTAL NET POSITION	<u>16,034,438</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 24,443,982</u>

The accompanying notes are an integral part of these statements.

REEDSVILLE PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 2,384,749	\$ -	\$ -	\$ (2,384,749)
Vocational instruction	388,408	-	-	(388,408)
Special instruction	679,252	-	633,123	(46,129)
Other instruction	325,228	5,569	-	(319,659)
Total instruction	<u>3,777,637</u>	<u>5,569</u>	<u>633,123</u>	<u>(3,138,945)</u>
Support services				
Pupil services	420,557	-	-	(420,557)
Instructional staff services	167,884	-	34,717	(133,167)
General administration services	252,467	-	-	(252,467)
Building administration services	822,251	-	-	(822,251)
Business services	2,271,831	8,462	403,247	(1,860,122)
Central services	62,444	-	-	(62,444)
Insurance	77,900	-	-	(77,900)
Interest and other	40,305	-	-	(40,305)
Other support services	98,054	-	-	(98,054)
Community services	176,587	-	-	(176,587)
Total support services	<u>4,390,280</u>	<u>8,462</u>	<u>437,964</u>	<u>(3,943,854)</u>
Non-program transactions	1,542,859	-	-	(1,542,859)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,710,776	\$ 14,031	\$ 1,071,087	(8,625,658)
General revenues				
Taxes				
Property taxes 4,253,589				
Other taxes 6,833				
State and federal aids not restricted to specific functions 5,444,001				
Interest and investment earnings 9,822				
Miscellaneous 988,977				
Total general revenues <u>10,703,222</u>				
CHANGE IN NET POSITION 2,077,564				
NET POSITION - BEGINNING OF YEAR 13,651,119				
CHANGE IN ACCOUNTING PRINCIPLE 305,755				
NET POSITION - END OF YEAR <u>\$ 16,034,438</u>				

The accompanying notes are an integral part of these statements.

**REEDSVILLE PUBLIC SCHOOLS
REEDSVILLE, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

REEDSVILLE PUBLIC SCHOOLS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	DEBT		TOTAL		
	GENERAL	SERVICE FUND	LONG-TERM CAPITAL	NONMAJOR	TOTAL
	FUND	REFERENDUM	IMPROVEMENT	GOVERNMENTAL	GOVERNMENTAL
		APPROVED	TRUST	FUNDS	FUNDS
ASSETS					
Cash and investments	\$ 1,239,278	\$ 1,241,451	\$ 2,685,420	\$ 569,994	\$ 5,736,143
Receivables					
Taxes	1,203,552	-	-	-	1,203,552
Due from other funds	-	-	766,530	-	766,530
Due from other governments	510,589	-	-	16,824	527,413
TOTAL ASSETS	<u>2,953,419</u>	<u>1,241,451</u>	<u>3,451,950</u>	<u>586,818</u>	<u>8,233,638</u>
LIABILITIES					
Accounts payable	3,780	-	-	-	3,780
Accrued payroll liabilities	377,170	-	-	7,569	384,739
Due to other funds	766,530	-	-	-	766,530
Unearned revenue	-	-	-	23,186	23,186
TOTAL LIABILITIES	<u>1,147,480</u>	<u>-</u>	<u>-</u>	<u>30,755</u>	<u>1,178,235</u>
FUND BALANCES					
Restricted	5,844	1,241,451	3,451,950	556,063	5,255,308
Unassigned	1,800,095	-	-	-	1,800,095
TOTAL FUND BALANCES	<u>1,805,939</u>	<u>1,241,451</u>	<u>3,451,950</u>	<u>556,063</u>	<u>7,055,403</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,953,419</u>	<u>\$ 1,241,451</u>	<u>\$ 3,451,950</u>	<u>\$ 586,818</u>	

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

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

Governmental capital asset	\$ 22,553,393	
Governmental accumulated depreciation	<u>(9,769,577)</u>	12,783,816

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements: 678,531

Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements: (283,650)

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

General obligation debt	\$ (2,342,000)	
Accrued interest	(5,593)	
WRS liability	(328,080)	
Net OPEB obligation	<u>(1,523,989)</u>	<u>(4,199,662)</u>

Total net position - governmental activities **\$ 16,034,438**

REEDSVILLE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	GENERAL FUND	DEBT	LONG-TERM CAPITAL IMPROVEMENT TRUST	TOTAL	TOTAL GOVERNMENTAL FUNDS
		SERVICE FUND REFERENDUM APPROVED		NONMAJOR GOVERNMENTAL FUNDS	
REVENUES					
Property taxes	\$ 2,918,336	\$ 1,157,086	\$ -	\$ 185,000	\$ 4,260,422
Other local sources	21,771	1,552	6,591	91,873	121,787
Interdistrict sources	540,805	-	-	-	540,805
Intermediate sources	20,008	-	-	-	20,008
State sources	5,442,335	-	-	4,066	5,446,401
Federal sources	738,353	-	-	310,326	1,048,679
Other sources	45,579	-	-	305,755	351,334
TOTAL REVENUES	9,727,187	1,158,638	6,591	897,020	11,789,436
EXPENDITURES					
Current					
Instruction					
Regular instruction	2,547,875	-	-	-	2,547,875
Vocational instruction	384,475	-	-	-	384,475
Special instruction	736,445	-	-	-	736,445
Other instruction	374,891	-	-	140,932	515,823
Total instruction	4,043,686	-	-	140,932	4,184,618
Support services					
Pupil services	433,690	-	-	-	433,690
Instructional staff services	163,725	-	-	-	163,725
General administration services	267,637	-	-	-	267,637
Building administration services	402,029	-	-	-	402,029
Business services	1,707,087	-	-	621,686	2,328,773
Central services	62,444	-	-	-	62,444
Insurance	77,900	-	-	-	77,900
Other support services	93,041	-	-	-	93,041
Community services	-	-	-	193,123	193,123
Total support services	3,207,553	-	-	814,809	4,022,362
Non-program transactions	1,542,859	-	-	-	1,542,859
Debt service					
Principal	-	1,144,000	-	-	1,144,000
Interest	-	40,530	-	-	40,530
Other	-	950	-	-	950
Total debt service	-	1,185,480	-	-	1,185,480
Capital outlay	182,626	-	-	-	182,626
TOTAL EXPENDITURES	8,976,724	1,185,480	-	955,741	11,117,945
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	750,463	(26,842)	6,591	(58,721)	671,491
OTHER FINANCING (USES) SOURCES					
Net transfer (to) from other funds	(766,530)	-	766,530	-	-
NET CHANGE IN FUND BALANCE	(16,067)	(26,842)	773,121	(58,721)	671,491
FUND BALANCE - BEGINNING OF YEAR	1,822,006	1,268,293	2,678,829	309,029	6,078,157
CHANGE IN ACCOUNTING PRINCIPLE	-	-	-	305,755	305,755
FUND BALANCE - END OF YEAR	\$ 1,805,939	\$ 1,241,451	\$ 3,451,950	\$ 556,063	\$ 7,055,403

The accompanying notes are an integral part of these statements.

REEDSVILLE PUBLIC SCHOOLS

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

Net change in fund balances - total governmental funds \$ 671,491

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

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

Capital outlay reported in fund statements	\$ 182,626	
Capital outlay reported as other expenses in fund statements	158,389	
Depreciation expense reported in the statement of activities	(455,293)	
Net book value of capital assets disposed	<u>(1,096)</u>	
Amount by which capital outlays are less than depreciation in the current period:		(115,374)

Wisconsin Retirement System pension asset, deferred inflows of resources, liability, and deferred outflows of resources changes: 422,847

Wisconsin Retirement System LRLIF asset, deferred inflows of resources, liability, and deferred outflows of resources changes: (38,961)

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: (7,614)

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

Amount of long-term debt principal payments in the current year is: 1,144,000

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.

Amount of interest and other debt costs paid during the current period is	\$ 41,480	
Amount of interest and other debt costs accrued during the current period is	<u>(40,305)</u>	
Interest paid is greater than interest accrued by:		<u>1,175</u>

Change in net position - governmental activities \$ 2,077,564

The accompanying notes are an integral part of these statements.

REEDSVILLE PUBLIC SCHOOLS

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2021

	<u>PRIVATE PURPOSE TRUST FUND SCHOLARSHIPS</u>
ASSETS	
Cash and investments	\$ 120,926
TOTAL ASSETS	<u>120,926</u>
NET POSITION	
Restricted for Individuals and organizations	120,926
TOTAL NET POSITION	<u>\$ 120,926</u>

The accompanying notes are an integral part of these statements.

REEDSVILLE PUBLIC SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	PRIVATE PURPOSE TRUST FUND <u>SCHOLARSHIPS</u>
ADDITIONS	
Investment income	\$ 985
Contributions	<u>9,700</u>
TOTAL ADDITIONS	<u>10,685</u>
DEDUCTIONS	
Disbursements	<u>13,100</u>
CHANGE IN NET POSITION	(2,415)
NET POSITION - BEGINNING OF YEAR	<u>123,341</u>
NET POSITION - END OF YEAR	<u>\$ 120,926</u>

The accompanying notes are an integral part of these statements.

**REEDSVILLE PUBLIC SCHOOLS
REEDSVILLE, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

REEDSVILLE PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies

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

Reporting Entity - The Reedsville Public Schools is organized as a common school district. The District, governed by a five member elected school board, operates grades 4K through 12 and is comprised of all or parts of nine taxing districts.

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

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

Basis of Presentation

District-Wide Statements

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

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

REEDSVILLE PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Long-Term Capital Improvement Trust - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District has one fiduciary fund which accounts for a private purpose trust.

Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

REEDSVILLE PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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

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

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

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. All property taxes are considered due on January 1, when an enforceable lien may be assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

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

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

(governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

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

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	50 years
Land improvements	\$5,000	Straight-line	10-20 years
Furniture and equipment	\$5,000	Straight-line	5-20 years
Computer and related technology	\$5,000	Straight-line	5 years

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

Other Post Employment Benefits (OPEB) - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post employment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has three items that qualify for reporting in this category. They are the Wisconsin Retirement System pension, Wisconsin Retirement System local retiree life insurance fund (LRLIF), and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes

REEDSVILLE PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

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

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

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

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

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

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government investment pool administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations,

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 2 - Cash and Investments - Continued

obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of June 30, 2021, the District had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Certificates of deposit	Less than one year	\$ 37,312
Certificates of deposit	More than one year	<u>76,378</u>
Total		<u>\$ 113,690</u>

Determining Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District has no items requiring recurring fair value measurements.

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

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

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

Custodial Credit Risk - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does not have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2021, \$2,360,244 of the District's bank balance of \$6,177,681 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by municipal securities held by the bank in the bank's name. There was \$2,917,437 that was uninsured and uncollateralized.

NOTE 3 - Capital Assets

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

REEDSVILLE PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 3 - Capital Assets - Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 51,500	\$ -	\$ -	\$ 51,500
Capital assets being depreciated:				
Land improvements	572,160	25,579	-	597,739
Buildings and improvements	19,837,946	211,112	(2,230)	20,046,828
Equipment	<u>1,777,798</u>	<u>104,324</u>	<u>(24,796)</u>	<u>1,857,326</u>
Total capital assets being depreciated	<u>22,187,904</u>	<u>341,015</u>	<u>(27,026)</u>	<u>22,501,893</u>
Less accumulated depreciation for:				
Land improvements	(511,061)	(7,213)	-	(518,274)
Buildings and improvements	(7,275,956)	(413,577)	1,134	(7,688,399)
Equipment	<u>(1,553,197)</u>	<u>(34,503)</u>	<u>24,796</u>	<u>(1,562,904)</u>
Total accumulated depreciation	<u>(9,340,214)</u>	<u>(455,293)</u>	<u>25,930</u>	<u>(9,769,577)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>12,847,690</u>	<u>(114,278)</u>	<u>(1,096)</u>	<u>12,732,316</u>
Capital assets, net of accumulated depreciation	<u>\$ 12,899,190</u>	<u>\$ (114,278)</u>	<u>\$ (1,096)</u>	<u>\$ 12,783,816</u>

Depreciation expense was charged to governmental functions as follows:

Vocational instruction	\$ 7,819
Building administration services	446,986
Business services	<u>488</u>
Total	<u>\$ 455,293</u>

The District does not capitalize interest on general fixed asset projects.

NOTE 4 - Long-Term Obligations

Long-term obligations are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 3,486,000	\$ -	\$ (1,144,000)	\$ 2,342,000	\$ 2,342,000
Wisconsin Retirement System					
LRLIF	249,385	78,695	-	328,080	-
OPEB healthcare	<u>1,399,693</u>	<u>197,199</u>	<u>(72,903)</u>	<u>1,523,989</u>	<u>65,337</u>
Total	<u>\$ 5,135,078</u>	<u>\$ 275,894</u>	<u>\$ (1,216,903)</u>	<u>\$ 4,194,069</u>	<u>\$ 2,407,337</u>

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 4 - Long-Term Obligations - Continued

In prior years, the general and food service funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$39,355 and total paid during the year aggregated \$40,530.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at June 30, 2021 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	12/16/09	1%	12/15/21	\$ 1,225,000
Bonds	12/5/19	1.82%	4/1/22	1,117,000
Total				<u>\$ 2,342,000</u>

General Obligation Debt Limit Calculation - The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$387,119,809. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1) (b) of the Wisconsin Statutes follows:

Debt limit (10 percent of \$387,119,809)	\$ 38,711,981
Applicable long-term debt	(2,342,000)
Amount available in debt service fund	1,241,451
Margin of indebtedness	<u>\$ 37,611,432</u>

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

Year Ending	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
June 30			
2022	\$2,342,000	\$ 26,454	\$2,368,454

NOTE 5 - Wisconsin Retirement System Pension

General Information about the Pension Plan

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

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

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

During the reporting period, the WRS recognized \$267,469 in contributions from the employer.

Contribution rates as of June 30, 2021 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%

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

At June 30, 2021, the District reported a liability (asset) of (\$1,502,353) 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 0.02406408%, which was a decrease of 0.00022754% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of (\$158,213).

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,174,368	\$ 468,356
Net differences between projected and actual earnings on pension plan investments	-	2,820,547
Changes in assumptions	34,076	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,060	5,511
Employer contributions subsequent to the measurement date	164,996	-
Total	\$ 2,375,500	\$ 3,294,414

\$164,996 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022 . Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Pension will be recognized in pension expense (revenue) as follows:

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ (277,966)
2023	(76,547)
2024	(512,394)
2025	(217,003)
Thereafter	-

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

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

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

REEDSVILLE PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

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

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

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

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	.8
Inflation Sensitive Assets	16	2	(.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

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

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

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
District’s proportionate share of the net pension liability (asset)	\$ 1,430,032	\$ (1,502,353)	\$ (3,656,169)

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

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

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

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

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

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

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

Employers are required to pay the following contributions based on employee contributions for active members to provide them with basic coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

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

must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2021 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2020 are as listed below:

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57

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

During the reporting period, the LRLIF recognized \$1,189 in contributions from the employer.

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

At June 30, 2021, the District reported a liability (asset) of \$328,080 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.059643%, which was an increase of 0.001077% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense (revenue) of \$40,150.

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 15,655
Net differences between projected and actual earnings on OPEB plan investments	4,777	-
Changes in assumption	127,628	22,511
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,664	3,811
Employer contributions subsequent to the measurement date	-	-
Total	\$ 137,069	\$ 41,977

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

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ 17,644
2023	17,127
2024	16,595
2025	14,961
Thereafter	28,765

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

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

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

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

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

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

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

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.2% respectively. The expected inflation rate also decreased slightly from 2.3% in the prior year to 2.2% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25 percent, as well as what the

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

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

District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's proportionate share of the net OPEB liability (asset)	\$ 446,282	\$ 328,080	\$ 238,686

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

NOTE 7 - Interfund Balance and Activity

Interfund receivable and payable balances on June 30, 2021, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Long-term capital improvement trust	General	\$ 766,530

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

Interfund transfers at June 30, 2021 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Long-term capital improvement trust	\$ 766,530

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

NOTE 8 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other Than Pensions

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Benefits Provided - Administrators with 20 years of service in the District will receive contributions towards their medical and dental premiums. Contributions will be at the rate in effect upon retirement for a duration determined by the retiree's years of service, not to exceed 7 years for 35 years of service or more.

Teachers at least age 55 with 20 years of service in the District with 10 years in prior to June 30, 2012, will receive contributions towards their medical premiums. Contributions will be at the rate in effect upon retirement for a duration determined by the retiree's years of service as of June 30, 2012, not to exceed Medicare-eligibility. Teachers with less than 10 years of service prior to June 30, 2012, will receive a contribution of \$45,000 into a Health Reimbursement Arrangement paid in monthly installments over a period of 3 years. These payments may be used towards payment of premiums of the District's group medical plan or for other eligible expenses.

Support staff at least age 55 with 25 years of service in the District will receive contributions towards their medical premiums. Contributions will be at the rate in effect upon retirement for a duration determined by the retiree's years of service as of June 30, 2012, but not to exceed Medicare-eligibility.

Employees Covered - As of the June 30, 2020 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>73</u>
Total	<u>79</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2021, contribution rates for Plan members were \$83 - \$188 per participant per month and \$611 - \$1,381 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$9,452 and the District contributed \$65,337 to the plan.

Actuarial Assumptions - The net OPEB healthcare liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	2.25%
Mortality:	Wisconsin 2018 Mortality Table
Medical Care Cost Trend:	7.5% decreasing by .5% per year to 6.5%, then by .1% per year to 5%, and level thereafter

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2019. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015 - 2017.

The OPEB liability for June 30, 2021 is based upon an update of the liability calculated from the June 30, 2019 actuarial valuation. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

Discount Rate - A discount rate of 2.25% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability. The discount rate did incorporate a municipal bond rate.

Changes in the OPEB Healthcare Liability

	OPEB Healthcare Liability
Beginning balance	<u>\$ 1,399,693</u>
Changes for the year:	
Service cost	63,976
Interest	48,833
Changes of assumptions or other input	84,390
Benefit payments	<u>(72,903)</u>
Net changes	<u>124,296</u>
Ending balance	<u>\$ 1,523,989</u>

Sensitivity of the OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the OPEB healthcare liability calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5 percent, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent decreasing to 4 percent) or 1-percentage-point higher (8.5 percent decreasing to 6 percent) than the current rate:

	1% Decrease (6.5% decreasing to 4%)	Healthcare Cost Trend Rates (7.5% decreasing to 5%)	1% Increase (8.5% decreasing to 6%)
OPEB healthcare liability	\$ 1,422,461	\$ 1,523,989	\$ 1,636,448

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

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

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
OPEB healthcare liability	\$ 1,591,024	\$ 1,523,989	\$ 1,456,474

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

For the year ended June 30, 2021, the District recognized OPEB healthcare expense of \$72,951.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 445,285
Changes in assumptions	112,799	16,501
Net differences between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date	65,337	-
Total	\$ 178,136	\$ 461,786

\$65,337 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ (39,858)
2023	(39,858)
2024	(39,858)
2025	(39,858)
2026	(39,858)
Thereafter	\$ (149,697)

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

REEDSVILLE PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Fund Balance and Net Position

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

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Restricted</u>		
General	Common school fund	\$ 5,844
Referendum debt service	Principal and interest	\$ 1,241,451
Trust	Special revenue trust	\$ 247,778
Food service	Food service program	\$ 48,534
Community service	Community service projects	\$ 2,513
Capital expansion	DPI regulation	\$ 257,238
Long-term capital improvement trust	DPI regulation	\$ 3,451,950
 <u>Governmental Activities</u>		
<u>Restricted</u>		
Special revenue	Donor specific expense, food service program, and community service projects	\$ 298,825
Debt service	Principal and interest	\$ 1,241,451
Capital projects	DPI regulation	\$ 3,709,188
Other activities	Common school fund	\$ 5,844
Other activities	Wisconsin Retirement System pension	\$ 1,502,353

NOTE 10 - Risk Management

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

NOTE 11 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #7 for services to be provided to the District in 2021-2022. Expected costs are \$81,414.

The District has a transportation agreement with estimated costs for the following school years:

2021-2022 \$ 460,000

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

REEDSVILLE PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 12 - Limitation of School District Revenue

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

NOTE 13 - Change in Accounting Principle

The change in accounting principles adjustment of \$305,755 on the statement of activities, statement of revenues, expenditures and changes in fund balances - governmental funds, and combining statement of revenues, expenditures and changes in fund balances - non major funds is due to the adoption of Governmental Accounting Standards Board Statement No. 84 *Fiduciary Activities*.

NOTE 14 - Coronavirus (COVID-19)

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

**REEDSVILLE PUBLIC SCHOOLS
REEDSVILLE, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

REEDSVILLE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH
	GENERAL	SPECIAL		GENERAL	SPECIAL		GENERAL	SPECIAL		FINAL BUDGET POSITIVE (NEGATIVE)
		EDUCATION	TOTAL		EDUCATION	TOTAL		EDUCATION	TOTAL	
REVENUES										
Property taxes	\$ 2,920,003	\$ -	\$ 2,920,003	\$ 2,920,003	\$ -	\$ 2,920,003	\$ 2,918,336	\$ -	\$ 2,918,336	\$ (1,667)
Other local sources	14,100	-	14,100	14,100	-	14,100	21,771	-	21,771	7,671
Interdistrict sources	542,520	-	542,520	542,520	-	542,520	540,805	-	540,805	(1,715)
Intermediate sources	5,000	15,000	20,000	5,000	15,000	20,000	5,291	14,717	20,008	8
State sources	5,197,814	198,202	5,396,016	5,197,814	198,202	5,396,016	5,215,519	226,816	5,442,335	46,319
Federal sources	254,194	191,721	445,915	254,194	191,721	445,915	346,763	391,590	738,353	292,438
Other sources	3,000	-	3,000	3,000	-	3,000	45,579	-	45,579	42,579
TOTAL REVENUES	8,936,631	404,923	9,341,554	8,936,631	404,923	9,341,554	9,094,064	633,123	9,727,187	385,633
EXPENDITURES										
Current										
Instruction										
Regular instruction	2,713,816	-	2,713,816	2,713,816	-	2,713,816	2,547,875	-	2,547,875	165,941
Vocational instruction	366,928	-	366,928	366,928	-	366,928	384,475	-	384,475	(17,547)
Special instruction	-	728,867	728,867	-	728,867	728,867	-	736,445	736,445	(7,578)
Other instructor	421,637	-	421,637	421,637	-	421,637	374,891	-	374,891	46,746
Total instruction	3,502,381	728,867	4,231,248	3,502,381	728,867	4,231,248	3,307,241	736,445	4,043,686	187,562
Support services										
Pupil services	253,089	188,156	441,245	253,089	188,156	441,245	214,182	219,508	433,690	7,555
Instructional staff services	188,813	28,655	217,468	188,813	28,655	217,468	132,817	30,908	163,725	53,743
General administration services	265,227	-	265,227	265,227	-	265,227	267,637	-	267,637	(2,410)
Building administration services	347,898	-	347,898	347,898	-	347,898	402,029	-	402,029	(54,131)
Business services	1,508,051	-	1,508,051	1,508,051	-	1,508,051	1,707,087	-	1,707,087	(199,036)
Central services	17,750	-	17,750	17,750	-	17,750	62,444	-	62,444	(44,694)
Insurance	107,261	-	107,261	107,261	-	107,261	77,900	-	77,900	29,361
Other support services	90,000	-	90,000	90,000	-	90,000	93,041	-	93,041	(3,041)
Total support services	2,778,089	216,811	2,994,900	2,778,089	216,811	2,994,900	2,957,137	250,416	3,207,553	(212,653)
Non-program transactions	1,523,542	9,368	1,532,910	1,523,542	9,368	1,532,910	1,485,753	57,106	1,542,859	(9,949)
Capital outlay	229,900	-	229,900	229,900	-	229,900	182,626	-	182,626	47,274
TOTAL EXPENDITURES	8,033,912	955,046	8,988,958	8,033,912	955,046	8,988,958	7,932,757	1,043,967	8,976,724	12,234
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	902,719	(550,123)	352,596	902,719	(550,123)	352,596	1,161,307	(410,844)	750,463	397,867
OTHER FINANCING SOURCES (USES)										
Transfer (to) / from other funds	(902,719)	550,123	(352,596)	(902,719)	550,123	(352,596)	(1,177,374)	410,844	(766,530)	(413,934)
TOTAL OTHER FINANCING SOURCES (USES)	(902,719)	550,123	(352,596)	(902,719)	550,123	(352,596)	(1,177,374)	410,844	(766,530)	(413,934)
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	(16,067)	-	(16,067)	(16,067)
FUND BALANCE - BEGINNING OF YEAR	1,822,006	-	1,822,006	1,822,006	-	1,822,006	1,822,006	-	1,822,006	-
FUND BALANCE - END OF YEAR	\$ 1,822,006	\$ -	\$ 1,822,006	\$ 1,822,006	\$ -	\$ 1,822,006	\$ 1,805,939	\$ -	\$ 1,805,939	\$ (16,067)

The accompanying notes are an integral part of these statements.

REEDSVILLE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2021

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

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
3. A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
4. Pursuant to the budget hearing, the Board of Education may make alterations to the proposed budget.
5. After the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
6. Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.
7. Encumbrance accounting is not used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

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

General/Special Education	Vocational instruction	\$ 17,547
General/Special Education	Special instruction	7,578
General/Special Education	General administration services	2,410
General/Special Education	Building administration services	54,131
General/Special Education	Business services	199,036
General/Special Education	Central services	44,694
General/Special Education	Other support services	3,041
General/Special Education	Non-program transactions	9,949
General/Special Education	Transfer to other funds	413,934

REEDSVILLE PUBLIC SCHOOLS
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2021

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.02406408%	\$ (1,502,353)	\$ 3,962,509	-37.91%	105.26%
2020	0.02429162%	(783,272)	3,827,691	-20.46%	102.96%
2019	0.02453511%	872,882	3,779,885	23.09%	96.45%
2018	0.02467047%	(732,495)	3,622,000	-20.22%	102.93%
2017	0.02507554%	206,682	3,560,955	5.80%	99.12%
2016	0.02594862%	421,660	3,551,841	11.87%	98.20%
2015	0.02718990%	(667,858)	3,580,242	-18.65%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 267,469	\$ (267,469)	\$ -	\$ 3,962,509	6.75%
2020	250,713	(250,713)	-	3,827,691	6.55%
2019	253,251	(253,251)	-	3,779,885	6.70%
2018	246,295	(246,295)	-	3,622,000	6.80%
2017	235,024	(235,024)	-	3,560,955	6.60%
2016	241,523	(241,523)	-	3,551,841	6.80%
2015	250,619	(250,619)	-	3,580,242	7.00%

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

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 3 preceding years.

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

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

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

REEDSVILLE PUBLIC SCHOOLS
 WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
 YEAR ENDED JUNE 30, 2021

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2021	0.05964300%	\$ 328,080	\$ 3,105,000	10.57%	31.36%
2020	0.05856600%	249,385	3,031,000	8.23%	37.58%
2019	0.05789800%	149,396	2,899,000	5.15%	48.69%
2018	0.06030800%	181,441	2,536,124	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 1,189	\$ (1,189)	\$ -	\$ 3,105,000	0.04%
2020	1,058	(1,058)	-	3,031,000	0.03%
2019	1,115	(1,115)	-	2,899,000	0.04%
2018	1,145	(1,145)	-	2,536,124	0.05%

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

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 proceeding years.

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

Changes of benefit terms - there were no changes of benefit terms for any participating employer in

Changes of assumptions - *The Single Discount Rate* assumption used to develop Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.

REEDSVILLE PUBLIC SCHOOLS
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Healthcare Liability				
Service cost	\$ 63,976	\$ 76,814	\$ 80,118	\$ 80,118
Interest	48,833	68,479	62,242	60,984
Differences between expected and actual experience	-	(544,237)	-	-
Changes of assumptions or other input	84,390	44,099	(22,690)	-
Benefit payments	<u>(72,903)</u>	<u>(66,343)</u>	<u>(74,138)</u>	<u>(136,183)</u>
Net Changes in Total OPEB Healthcare Liability	124,296	(421,188)	45,532	4,919
Total OPEB Healthcare Liability - Beginning	<u>1,399,693</u>	<u>1,820,881</u>	<u>1,775,349</u>	<u>1,770,430</u>
Total OPEB Healthcare Liability - Ending	<u>\$ 1,523,989</u>	<u>\$ 1,399,693</u>	<u>\$ 1,820,881</u>	<u>\$ 1,775,349</u>
Plan fiduciary net position as a percentage of the total OPEB Healthcare Liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 2,846,655	\$ 2,846,655	\$ 2,894,192	\$ 2,894,192
OPEB Healthcare Liability as a percentage of covered payroll	53.54%	49.17%	62.92%	61.34%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>(72,903)</u>	<u>(66,343)</u>	<u>(74,138)</u>	<u>(136,183)</u>
Contribution deficiency (excess)	<u>\$ (72,903)</u>	<u>\$ (66,343)</u>	<u>\$ (74,138)</u>	<u>\$ (136,183)</u>
Covered payroll	\$ 2,846,655	\$ 2,846,655	\$ 2,894,192	\$ 2,894,192
Contributions as a percentage of covered payroll	2.56%	2.33%	2.56%	4.71%
Actuarial valuation date	6/30/2019	6/30/2019	6/30/2017	6/30/2017
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 preceding years.

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

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level % open amortization, 2.25% discount rate, Wisconsin 2018 mortality table.

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

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

**REEDSVILLE PUBLIC SCHOOLS
REEDSVILLE, WISCONSIN**

SUPPLEMENTARY INFORMATION

REEDSVILLE PUBLIC SCHOOLS
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	CAPITAL EXPANSION	
ASSETS					
Cash and investments	\$ 247,778	\$ 54,896	\$ 10,082	\$ 257,238	\$ 569,994
Due from other governments	-	16,824	-	-	16,824
TOTAL ASSETS	<u>247,778</u>	<u>71,720</u>	<u>10,082</u>	<u>257,238</u>	<u>586,818</u>
LIABILITIES					
Accrued payroll liabilities	-	-	7,569	-	7,569
Unearned revenue	-	23,186	-	-	23,186
TOTAL LIABILITIES	<u>-</u>	<u>23,186</u>	<u>7,569</u>	<u>-</u>	<u>30,755</u>
FUND BALANCES					
Restricted	<u>247,778</u>	<u>48,534</u>	<u>2,513</u>	<u>257,238</u>	<u>556,063</u>
TOTAL FUND BALANCES	<u>247,778</u>	<u>48,534</u>	<u>2,513</u>	<u>257,238</u>	<u>556,063</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 247,778</u>	<u>\$ 71,720</u>	<u>\$ 10,082</u>	<u>\$ 257,238</u>	<u>\$ 586,818</u>

REEDSVILLE PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	CAPITAL EXPANSION	
REVENUES					
Property taxes	\$ -	\$ -	\$ 185,000	\$ -	\$ 185,000
Other local sources	82,955	8,505	25	388	91,873
State sources	-	4,066	-	-	4,066
Federal sources	-	310,326	-	-	310,326
Other sources	305,755	-	-	-	305,755
TOTAL REVENUES	<u>388,710</u>	<u>322,897</u>	<u>185,025</u>	<u>388</u>	<u>897,020</u>
EXPENDITURES					
Current					
Instruction					
Other instruction	140,932	-	-	-	140,932
Total instruction	140,932	-	-	-	140,932
Support service					
Business services	305,755	303,271	12,660	-	621,686
Community services	-	-	193,123	-	193,123
Total support services	305,755	303,271	205,783	-	814,809
TOTAL EXPENDITURES	<u>446,687</u>	<u>303,271</u>	<u>205,783</u>	<u>-</u>	<u>955,741</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(57,977)</u>	<u>19,626</u>	<u>(20,758)</u>	<u>388</u>	<u>(58,721)</u>
NET CHANGE IN FUND BALANCE	(57,977)	19,626	(20,758)	388	(58,721)
FUND BALANCES - BEGINNING OF YEAR	-	28,908	23,271	256,850	309,029
CHANGE IN ACCOUNTING PRINCIPLE	305,755	-	-	-	305,755
FUND BALANCES - END OF YEAR	<u>\$247,778</u>	<u>\$ 48,534</u>	<u>\$ 2,513</u>	<u>\$ 257,238</u>	<u>\$ 556,063</u>

REEDSVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	PROGRAM OR AWARD AMOUNT	RECEIVABLE	REVENUES		RECEIVABLE	SUBRECIPIENT PASS-THROUGH EXPENDITURES
				(UNEARNED REVENUE) JULY 1, 2020	GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2021	
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
Child Nutrition Cluster								
COVID-19 - School Breakfast Program July 1, 2020 - June 30, 2021	2021-364760-DPI-SB-546	10.553	N/A	\$ -	\$ 63,226	\$ 67,660	\$ 4,434	\$ -
Food Distribution July 1, 2020 - June 30, 2021	None	10.555	N/A	-	22,084	22,084	-	-
COVID-19 - National School Lunch Program July 1, 2019 - June 30, 2020	2020-364760-DPI-NSL-547	10.555	N/A	3,831	3,831	-	-	-
July 1, 2020 - June 30, 2021	2021-364760-DPI-NSL-547		N/A	-	208,192	220,582	12,390	-
Total Child Nutrition Cluster				3,831	297,333	310,326	16,824	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				3,831	297,333	310,326	16,824	-
U.S. DEPARTMENT OF EDUCATION								
Title VI-B - Rural Education Achievement Program								
July 1, 2020 - June 30, 2021	None	84.358B	N/A	-	31,904	31,904	-	-
Wisconsin Department of Public Instruction								
Title IA Cluster								
Title IA - Grants to Local Educational Agencies								
July 1, 2019 - June 30, 2020	2020-364760-TIA-141	84.010A	N/A	31,037	31,037	-	-	-
July 1, 2020 - June 30, 2021	2021-364760-DPI-TIA-141		\$ 102,821	-	47,993	99,089	51,096	-
Total Title IA Cluster				31,037	79,030	99,089	51,096	-
Special Education Cluster								
Special Education - Grants to States (IDEA Part B)								
July 1, 2019 - June 30, 2020	2020-364760-DPI-IDEA-F-341	84.027A	N/A	96,474	96,474	-	-	-
July 1, 2020 - June 30, 2021	2021-364760-DPI-IDEA-FT-341		192,575	-	107,341	192,575	85,234	-
Special Education - Preschool Grants (IDEA Preschool)		84.173A						
July 1, 2019 - June 30, 2020	2020-364760-DPI-P-347		N/A	7,548	7,548	-	-	-
July 1, 2020 - June 30, 2021	2021-364760-DPI-IDEA-P-347		14,635	-	-	14,635	14,635	-
Total Special Education Cluster				104,022	211,363	207,210	99,869	-
Title II-A - Supporting Effective Instruction State Grants		84.367A						
July 1, 2019 - June 30, 2020	2020-364760-TIIA-365		N/A	23,137	23,137	-	-	-
July 1, 2020 - June 30, 2021	2021-364760-DPI-TIIA-365		22,289	-	11,778	20,991	9,213	-
Title-IV - Student Support and Academic Enrichment Grant		84.424A						
July 1, 2019 - June 30, 2020	2020-364760-TIVA-DPI-381		N/A	3,043	3,043	-	-	-
July 1, 2020 - June 30, 2021	2021-364760-DPI-TIV-A-381		24,994	-	-	24,195	24,195	-
Education Stabilization Fund								
COVID-19 - Elementary and Secondary School Emergency Relief Fund								
March 13, 2020 - September 30, 2022	2021-364760-DPI-ESSERF-160	84.425D		94,783	-	35,326	39,170	3,844
COVID-19 - Elementary and Secondary School Emergency Relief Fund		84.425D						
March 13, 2020 - September 30, 2022	2021-365824-DPI-ESSERF-163		249,188	-	-	249,188	249,188	-
Total Education Stabilization Fund				-	35,326	288,358	253,032	-
Cooperative Educational Service Agency #7								
Career and Technical Education - Basic Grants to States (Perkins IV)								
July 1, 2020 - June 30, 2021	None	84.048	N/A	-	4,262	4,262	-	-
Title III - English Language Acquisition Grants		84.365A						
July 1, 2020 - June 30, 2021	None		N/A	-	1,029	1,029	-	-
TOTAL U.S. DEPARTMENT OF EDUCATION				161,239	436,198	965,396	690,437	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
Medical Assistance								
July 1, 2020 - June 30, 2021	None	93.778	N/A	-	58,108	58,108	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				-	58,108	58,108	-	-
U.S. TREASURY								
Wisconsin Department of Public Instruction								
CARES Act - Routes to Recovery - COVID-19								
July 1, 2020 - June 30, 2021	None	21.019	N/A	-	8,495	8,495	-	-
TOTAL U.S. TREASURY				-	8,495	8,495	-	-
TOTAL FEDERAL AWARDS				\$ 165,070	\$ 764,808	\$ 1,053,967	\$ 454,229	\$ -

The accompanying notes are an integral part of these statements.

REEDSVILLE PUBLIC SCHOOLS
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH	STATE I.D. NUMBER	RECEIVABLE		EXPENDITURES	RECEIVABLE		SUBRECIPIENT PASS-THROUGH EXPENDITURES
	ENTITY IDENTIFYING NUMBER		(UNEARNED REVENUE) JULY 1, 2020	REVENUE GRANTOR REIMBURSEMENTS		(UNEARNED REVENUE) JUNE 30, 2021		
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Wisconsin Department of Public Instruction								
Special Education and School Age Parents	364760-100	255.101	\$ 15,849	\$ 252,382	\$ 236,533	\$ -	\$ -	-
State School Lunch Aid	364760-107	255.102	-	2,726	2,726	-	-	-
Common School Fund Library Aid	364760-104	255.103	-	34,717	34,717	-	-	-
General Transportation Aid	364760-102	255.107	-	42,748	42,748	-	-	-
Wisconsin School Day Milk Program	364760-109	255.115	-	1,340	1,340	-	-	-
General Aids Cluster								
Equalization Aid	364760-116	255.201	70,556	4,311,312	4,308,838	68,082	-	-
Sparsity Aid	364760-162	255.212	-	249,972	249,972	-	-	-
Aid for Mental Health Programs	364760-176	255.227	-	15,411	15,411	-	-	-
Supplemental Per Pupil Aid	364760-181	255.245	-	1,878	1,878	-	-	-
School Based Mental Health Services	364760-177	255.297	56,500	56,500	-	-	-	-
Early College Credit	364760-178	255.445	-	87	87	-	-	-
Educator Effectiveness Evaluation System	364760-154	255.940	5,200	10,080	4,880	-	-	-
Per Pupil Aid	364760-113	255.945	-	458,556	458,556	-	-	-
High Cost Transportaion Aid	364760-114	255.947	-	46,107	46,107	-	-	-
Career and Technical Education Incentive	364760-151	255.950	-	10,369	10,369	-	-	-
Assessments of Reading Readiness	364760-166	255.956	-	896	896	-	-	-
Aid for Special Education Transition Grants	364760-168	255.960	-	5,000	5,000	-	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			148,105	5,500,081	5,420,058	68,082	-	-
WISCONSIN DEPARTMENT OF REVENUE								
Exempt Computer Aid	None	None	2,356	2,356	2,356	2,356	-	-
Exempt Personal Property Aid	None	None	-	38,704	38,704	-	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			2,356	41,060	41,060	2,356	-	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 150,461	\$ 5,541,141	\$ 5,461,118	\$ 70,438	\$ -	\$ -

The accompanying notes are an integral part of these statements.

REEDSVILLE PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1 - Basis of Presentation

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

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Special Education and School Age Parents Program

2020-2021 eligible costs under the State Special Education Program are \$585,442.

NOTE 4 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**REEDSVILLE PUBLIC SCHOOLS
REEDSVILLE, WISCONSIN**

OTHER REPORTS

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

To the Board of Education
Reedsville Public Schools
Reedsville, 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 Reedsville Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Reedsville Public Schools' basic financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Reedsville Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Reedsville Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Reedsville Public Schools' 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 over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider the 2021-00, 2021-002, and 2021-003 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Reedsville Public Schools' 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*.

Reedsville Public Schools' Responses to Findings

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
November 8, 2021

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

To the Board of Education
Reedsville Public Schools
Reedsville, Wisconsin

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Reedsville Public Schools 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 Reedsville Public Schools 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 Reedsville Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each federal and major state program and to test and report on internal control over compliance in accordance with Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Reedsville Public Schools' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
November 8, 2021

REEDSVILLE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u> Yes	_____ None reported
Noncompliance material to the financial statements?	_____ Yes	<u> X </u> No

Federal Awards

Internal control over financial reporting:

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

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

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

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.425D	Education Stabilization Fund

State Assistance

Internal control over financial reporting:

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

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

Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*? _____ Yes X No

REEDSVILLE PUBLIC SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
 JUNE 30, 2021

Section I - Summary of Auditors' Results - Continued

Identification of major state programs:

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

Dollar threshold used to distinguish between:

Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

Auditee qualified as a low-risk auditee? Yes X No

Section II - Financial Statement Findings and Questioned Costs

2021-001 - Preparation of Financial Statements

Program: District-Wide

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

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

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

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

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2020-001.

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

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

2021-002 - Segregation of Duties

Program: District-Wide

REEDSVILLE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2021

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

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

Questioned Costs: Not applicable.

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

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

Information: Systemic problem.

Prior Year Finding: This was a prior year audit finding numbered 2020-002.

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

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

2021-003 - Significant Audit Adjustments

Program: District-Wide

Criteria: Generally accepted accounting principles.

Condition: Significant audit adjustments were required to prevent the District's financial statements from being misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

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

Recommendation: Improve the District's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect significant adjustments.

Management's Response: The District will incorporate financial reporting internal controls to detect significant adjustments, prevent misstated financial statements and increase the accuracy of the interim financial reports used by management.

REEDSVILLE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2021

Section III - Federal and State Award Findings and Questioned Costs

None



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

Summary Schedule of Prior Audit Findings

2020-001 - Preparation of Financial Statements - Repeat. Initially occurred 6/30/13.

2020-002 - Segregation of Duties - Repeat. Initially occurred 6/30/99.

Corrective Action Plan

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

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

2021-003 - Significant Audit Adjustments - Contact: Kristoffer Brown, Superintendent. Completion date: June 30, 2022. The District will improve its financial reporting internal controls by reconciling accounts on a recurring basis to prevent significant audit adjustments. District management will review and approve the audit adjustments.