

**SCHOOL DISTRICT OF SHIOCTON**  
**SHIOCTON, WISCONSIN**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

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**SCHOOL DISTRICT OF SHIOCTON  
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# **Erickson & Associates, S.C.**

## *Certified Public Accountants*

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### **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
School District of Shiocton  
Shiocton, Wisconsin

#### **Report on the Financial Statements**

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

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinions**

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

## **Emphasis of Matter**

For the year ended June 30, 2021, the District has implemented GASB Statement No. 84, *Fiduciary Activities*, for classifying the District's fiduciary activities.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 11, and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The nonmajor governmental funds and general fund combining schedules listed as other supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

The nonmajor governmental funds and general fund combining schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 a report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

December 15, 2021

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

This section of the School District of Shiocton's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

**FUND BALANCE** - The District General Fund balance increased \$219,590 from \$3,395,856 to \$3,615,446. This is an increase of 6.5%. The General Fund balance is 36.3% of the District operational budget.

Actual revenues of \$10,102,488 were \$192,041 more than budgeted revenues of \$9,910,447 (1.9%). Actual expenditures of \$9,054,151 were \$447,407 less than the budgeted expenditures of \$9,501,558 (6.1%). Expenditures were within 89.6% of revenue.

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts - management's discussion and analysis and the basic financial statements, including notes to the financial statements and supplementary information.

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

#### District-wide Financial Statements

- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District. This statement includes fixed assets and long-term liabilities.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues - charges for services and/or operating grants and contributions. General revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue - recognizing the change in net position for the District from the previous year.

#### Fund Financial Statements

- The remaining statements: *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* focus on individual parts of the District. Fund financial statements generally report operations in more detail than the district-wide statements.

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

*Required Supplementary Information* further explains and supports the financial statements.

*Other Supplementary Information* provides information specific to nonmajor governmental funds and schedules of federal and state awards.



# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

The major features of the District's financial statements, including the scope of the activities reported and type of information contained, is shown in the following table. (Table #1)

**Table #1**

		-----Fund Financial Statements-----		
	District-wide Statements	Governmental	Proprietary	Fiduciary
Scope	Entire District (except fiduciary funds).	The activity of the District that is not proprietary or fiduciary, such as instructional, support services, and community services.	Activities the District operates similar to private business. <b><u>The District does not report any program for this designation.</u></b>	The employee benefit trust fund is reported here.
Required financial statements	Statement of net position and statement of activities.	Balance sheet and statement of revenues, expenditures, and changes in fund balance.	Statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.	Statement of fiduciary net position and statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting.  Economic resources focus.	Modified accrual accounting.  Current financial resources focus.	Accrual accounting.  Economic resources focus.	Accrual accounting.  Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year and expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received or paid.

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

**Table #2**

<b>Condensed Statement of Net Position</b>			
	<u>2021</u>	<u>2020</u>	<u>% Change</u>
<b><u>Assets</u></b>			
Current Assets	\$ 4,785,436	\$ 4,415,573	8%
Noncurrent Assets	8,654,932	8,108,878	7%
<b>Total Assets</b>	<b>13,440,368</b>	<b>12,524,451</b>	7%
Deferred Outflows of Resources	3,019,097	4,268,814	-29%
<b><u>Liabilities</u></b>			
Current Liabilities	700,200	600,443	17%
Noncurrent Liabilities	1,520,158	1,743,095	-13%
<b>Total Liabilities</b>	<b>2,220,358</b>	<b>2,343,538</b>	-5%
Deferred Inflows of Resources	4,279,924	5,227,374	-18%
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	4,955,598	5,047,919	-2%
Restricted	764,909	575,349	33%
Unrestricted	4,238,676	3,599,085	15%
<b>Total Net Position</b>	<b>\$ 9,959,183</b>	<b>\$ 9,222,353</b>	7%

**Statement of Net Position: (Table #2)**

The District's overall financial status, as reflected in total net position, increased by \$736,830 to \$9,959,183. The District reported total assets of \$13.44M, of which \$8.65M are noncurrent assets. The District reported deferred outflows of resources of \$3.02M. The District reported total liabilities of \$2.22M, of which \$1.52M are long-term liabilities. The District reported deferred inflows of resources of \$4.28M.

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

**Table #3**

<b>Changes in Net Position from Operating Results For Governmental Activities</b>					
	<b><u>Actual 2020-21</u></b>	<b><u>%</u></b>	<b><u>Actual 2019-20</u></b>	<b><u>%</u></b>	<b><u>% Change</u></b>
<b>Revenues:</b>					
<b>Program:</b>					
Charges for Services	\$ 968,444	8%	\$ 911,995	8%	6%
Operating Grants & Cont.	2,285,768	19%	1,736,609	16%	32%
<b>General:</b>					
Property Taxes	3,554,554	30%	3,452,017	32%	3%
General State Aid	4,941,097	42%	4,671,199	43%	6%
Other	28,723	1%	76,045	1%	-62%
<b>Total Revenues</b>	<b><u>11,778,586</u></b>	<b><u>100%</u></b>	<b><u>10,847,865</u></b>	<b><u>100%</u></b>	<b>9%</b>
<b>Expenses:</b>					
Instruction	5,493,793	50%	5,479,580	51%	0%
Support Services	3,510,669	32%	3,279,222	31%	7%
Nonprogram	842,837	7%	661,265	6%	27%
Food Service, Community	721,018	6%	612,543	6%	18%
Interest and Fiscal Charges	57,674	1%	65,312	1%	-12%
Unallocated Depreciation	415,765	4%	503,193	5%	-17%
<b>Total Expenses</b>	<b><u>11,041,756</u></b>	<b><u>100%</u></b>	<b><u>10,601,115</u></b>	<b><u>100%</u></b>	<b>4%</b>
<b>Change in Net Position</b>	<b><u>\$ 736,830</u></b>		<b><u>\$ 246,750</u></b>		<b>199%</b>

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

### Revenues: (Table #3)

- For FY2021, the District received \$11.78M in revenue. This is an increase of 9% or \$930,721 over the previous year. General state aid increased from the prior year by \$269,898 from \$4.67M to \$4.94M. Property taxes increased by \$102,537 from \$3.45M to \$3.55M. For FY2021, 42% of total revenue came from general state aid and 30% came from local school property taxes. The District received approximately 28% of all revenue in the form of specific use state aid, federal grants, contributions from individuals, and direct fees for services.
- Individuals who directly participated or received benefits from a program offering contributed \$968,444 of the cost, an increase of \$56,449 from the prior year. Book and activity fees, admissions to athletic events, school lunch fees, open enrollment tuition, and building rental fees are included here.
- Individuals and federal and state government subsidized certain programs with grants and contributions of \$2.29M, which is an increase of \$549,159 from the prior year. Special education, transportation, and food service-breakfast and lunch aids, are included here.

### Expenses: (Table #3)

- For FY2021, the District's total expenditure amount was \$11.04M. This is an increase of \$440,641 from the prior year. For FY2021, 50% was directed to instruction and 32% was directed to support services. Nonprogram expenditure amounts were 7% of the total. The food service program and community service represents 6%, and costs for debt service represented 1% of total expenditures.

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

**Table #4**

Net Cost of Governmental Activities		
	<u>Total Cost of Services</u> <u>2021</u>	<u>Net Cost of Services</u> <u>2021</u>
Instruction	\$ 5,493,793	\$ 3,393,116
Support Services	3,510,669	3,161,596
Nonprogram	842,837	777,487
Food Service, Community Service	721,018	(18,094)
Interest and Fiscal Charges	57,674	57,674
Unallocated Depreciation	415,765	415,765
<b>Totals</b>	<b>\$ 11,041,756</b>	<b>\$ 7,787,544</b>

**Net Cost of Governmental Activities: (Table #4)**

- Total cost of all governmental activities was \$11.04M.
- The net cost of governmental activities \$7.79M was financed by general revenues, which are primarily made up of general state aid \$4.94M and property taxes \$3.56M. Miscellaneous and investment earnings accounted for \$28,723. In addition, District operations were subsidized by \$3.25M, which was collected through direct fees, operating grants, and contributions.

**General Fund Budgetary Comparison:**

- Consistent with current state statutes and regulations, an original budget is adopted in October to reflect the actual revenue cap and state aid certification. The District modified its original budget in 2020-21. The schedule of revenues, expenditures, and changes in fund balances - budget and actual for the general fund and special education fund show a comparison of the budget versus actual.
- Actual results for the year showed an excess of revenues over expenditures of \$219,590. Total revenues were over budget by \$192,041. Total expenditures were under budget by \$447,407.

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

### **Fund Balances:**

- The District shows a total for all fund balances of \$4.32M as of June 30, 2021.
- \$3.62M is in the general fund (Fund 10). The District utilizes this fund balance for funding short-term operations. The balance in this fund was unassigned for the purpose of maintaining financial resources necessary to aid in meeting yearly cash flow needs and/or major, unanticipated financial needs of a non-recurring nature.
- \$491,500 is in the special revenue trust fund which supports the operations of those funds.
- \$269,390 in the other governmental funds consists of the debt service and food service funds. The fund balances in these funds support the operations of the funds.

### **Capital Asset and Debt Administration:**

#### Capital Assets

- At year-end, the District had \$6.50M in capital assets. Further detail can be found in Note 3 in the financial statements.

#### Long-term Debt

- At year-end, the District had \$1.75M in long-term obligations. Further detail can be found in Note 4 in the financial statements.

### **Economic Factors That Will Have an Impact on the Future of the District:**

#### **Legislation/State Budget & District Budget/Fund Balance:**

The current state budget, which did not include an increase in per pupil spending, has certainly created concerns for the district. Everything from keeping the lights on, to our ability to compete for limited teaching candidates, to our ability to retain strong educators whom we have invested hundreds of dollars and tens more hours, the lack of additional funding from the State causes us palpable concern for the coming years. Too, the lack of funding from the State places a further pall upon the education profession, which only serves as further deterrence of our best and brightest from entering this most worthwhile profession. This, then, perpetuates the shortage of highly qualified, knowledgeable, and capable teaching candidates, which will, in turn, fuel the vicious circle as more and more dollars will be needed to compete for fewer and fewer educators.

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

### *Economic Factors That Will Have an Impact on the Future of the District - Continued:*

The ESSER I, II, and III funds have been a financial blessing to our district as we diligently worked daily to keep our schools open all day, every day, for all grades during the "year of COVID" (2020-2021). While we were highly successful in keeping the doors open and students learning in classrooms, the effort came at a great cost. Nearly \$290,000 were spent on sanitation supplies and protective aids to three full time substitute teachers and additional training for staff to meet the social and emotional needs continuously displayed by students. The ESSER II funds off-set approximately 65% of these increased costs. While we did qualify for the ESSERII discretionary funds, these dollars will not cover the remaining 35% of the costs incurred last year, nor assist with the shortfall that will occur in the 2021-2022 school year even with the ESSER III allocation. Too, because ESSER funds were used to offset the addition of staff needed to help address academic gaps and SEL needs, we will need to plan for the continuation of these staff positions once all of the ESSER funds are no longer available and yet the needs, we know, will remain.

We will continue to watch for legislation that impacts the ability of school districts to run referendums. While we were successful this past February in passing a 3-year, \$5 million-dollar referendum to cover operating expenditures, we know that another referendum is on the horizon. The need for another operational referendum in three years is exacerbated by the lack of a funding increase in the State's biennial budget. The current legal language that limits a school district's ability to put forth another referendum for two full years if one fails continues to be of concern to us. Despite a Fund Balance of over 30%, the funds are not enough to cover the deficits that would occur over a two-year span of time if we were not able to pass a referendum in February 2024.

We will also need to keep a closer eye on the voucher program and the implementation of special education plans in parochial school. The amount of dollars charged back to us and thus passed on to our tax payers as a result of increased qualifications for the voucher program increased 600% in the 2019-2020 school year, growing from \$16,000 to nearly \$92,000. This year, the cost increased again, bringing our total to just over \$100,500. While the increase in cost for the current school year was palatable, the fact remains that this is an additional \$100,000 that the District must tax the community for yet we do not benefit from the dollars but we certainly do suffer the wrath of tax payers. To date, we have not seen a charge for special education voucher students, but I believe it is only a matter of time before that happens. When it does, the impact will be significant simply because of the very high per pupil funding that is provided for special education students who qualify for private school vouchers.

### **Health Insurance:**

For the 2021-2022 school year, the District was able to maintain a policy with the same provider from last year, experiencing an increase of less than 6% of the '20-'21 school year rate. This is due, in part, to a few of our highest experience (cost) members have aged-off of our plan. That said, the fact remains that health insurance is costly and only growing more so as one seeks to maintain a competitive and desirable plan to current and prospective staff.

# SCHOOL DISTRICT OF SHIOCTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

### **Employee Attraction and Retention:**

A significant area of concern again this year is staffing, specifically attracting staff for our child care center and to serve as substitute teachers and paraprofessionals. From a lack of substitute teachers needed due to the increased absences related to COVID illness and close contact status, to the sheer lack of educational graduates applying for instructional positions, we have again experienced a challenge in meeting staffing needs. Too, the lack of teaching candidates is driving up the annual salaries, which either required we spend more dollars than what was budgeted for that teaching position, or we miss out on the most desired candidate. The same is happening with our child care center, where the sheer number of open jobs in the Valley area outweigh the travel to our rural community, even with an hourly rate that is often \$2-\$3 more *per hour*. Without adequate staffing we will struggle to provide the quality of care and preacademic instruction that we seek to provide and that our parents, including several professional staff members, desire. Without a quality child care program, our district will certainly struggle to retain the current young professionals let alone attract new staff members.

### **Contacting the District's Financial Management:**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Michael Sippert, Business Manager, School District of Shiocton, PO Box 68, Shiocton, WI 54170-0068.



**BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**STATEMENT OF NET POSITION  
June 30, 2021**

**ASSETS**

Current assets:

Cash and investments	\$ 3,375,522
Taxes receivable, net	1,005,167
Accounts receivable	58,896
Due from other governments	345,851
Total current assets	<u>4,785,436</u>

Noncurrent assets:

Net OPEB asset	249,051
Net pension asset - WRS	1,903,134
Total noncurrent assets	<u>2,152,185</u>

Capital assets:

Land, buildings and equipment	14,443,068
Less accumulated depreciation	7,940,321
Net capital assets	<u>6,502,747</u>

Total assets	<u>13,440,368</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to WRS pension	3,009,601
Deferred outflows related to supplemental pension	9,496
	<u>3,019,097</u>

Total deferred outflows of resources	<u>3,019,097</u>
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## LIABILITIES

### Current liabilities:

Current portion of long-term debt	232,149
Accounts payable	27,878
Accrued salaries and related items	330,804
Food service deposits	27,141
Unearned revenue	70,470
Accrued interest payable	11,758
Total current liabilities	<u>700,200</u>

### Long-term liabilities:

Bonds and notes payable	1,315,000
Bond premium	51,504
Net pension liability - supplemental pension	153,654
Total long-term liabilities	<u>1,520,158</u>

Total liabilities 2,220,358

## DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to WRS pension	4,173,453
Deferred inflows related to supplemental pension	31,879
Deferred inflows related to OPEB	74,592
Total deferred inflows of resources	<u>4,279,924</u>

## NET POSITION

Net investment in capital assets	4,955,598
Restricted	764,909
Unrestricted	4,238,676
Total net position	<u>\$ 9,959,183</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Instruction:</b>				
Undifferentiated curriculum	\$ 2,536,083	\$ 301,965	\$ 517,633	\$ ( 1,716,485)
Regular curriculum	1,212,282	301,965	513,578	( 396,739)
Special curriculum	894,319	--	465,536	( 428,783)
Other instruction	851,109	--	--	( 851,109)
<b>Total instruction</b>	<b>5,493,793</b>	<b>603,930</b>	<b>1,496,747</b>	<b>( 3,393,116)</b>
<b>Support services:</b>				
Pupil services	518,593	--	49,399	( 469,194)
Instructional staff services	360,937	--	125,832	( 235,105)
General administration	375,266	--	--	( 375,266)
School building administration	350,607	--	--	( 350,607)
Business administration	1,447,765	--	166,111	( 1,281,654)
Other support services	457,501	--	7,731	( 449,770)
<b>Total support services</b>	<b>3,510,669</b>	<b>--</b>	<b>349,073</b>	<b>( 3,161,596)</b>
Nonprogram expenses	842,837	--	65,350	( 777,487)
Food service	319,037	39,153	328,796	48,912
Community service	401,981	325,361	45,802	( 30,818)
Interest and fiscal charges	57,674	--	--	( 57,674)
Unallocated depreciation	415,765	--	--	( 415,765)
<b>Totals</b>	<b>\$ 11,041,756</b>	<b>\$ 968,444</b>	<b>\$ 2,285,768</b>	<b>( 7,787,544)</b>

**General revenues:**

General state aid	4,941,097
Property taxes levied for:	
General purposes	3,199,345
Debt service	321,685
Community service	33,524
Interest income	5,851
Miscellaneous	22,872
<b>Total general revenues</b>	<b>8,524,374</b>
Change in net position	736,830
Net position, beginning of year, as restated	9,222,353
<b>Net position, end of year</b>	<b>\$ 9,959,183</b>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

June 30, 2021

	General Fund	Special Revenue Trust Fund	Community Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 2,583,548	\$ 481,500	\$ 50,503	\$ 259,971	\$ 3,375,522
Taxes receivable, net	1,005,167	--	--	--	1,005,167
Accounts receivable	58,896	--	--	--	58,896
Due from other funds	2,222	10,000	--	26,501	38,723
Due from other governments	335,792	--	--	10,059	345,851
Total assets	\$ 3,985,625	\$ 491,500	\$ 50,503	\$ 296,531	\$ 4,824,159
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 27,878	\$ --	\$ --	\$ --	\$ 27,878
Accrued salaries and related items	330,486	--	318	--	330,804
Food service deposits	--	--	--	27,141	27,141
Unearned revenue	--	--	70,470	--	70,470
Due to other funds	11,815	--	26,908	--	38,723
Total liabilities	370,179	--	97,696	27,141	495,016
 <b>Fund balances:</b>					
<b>Spendable:</b>					
Restricted	4,019	491,500	--	269,390	764,909
Unassigned	3,611,427	--	( 47,193)	--	3,564,234
Total fund balances	3,615,446	491,500	( 47,193)	269,390	4,329,143
 Total liabilities and fund balances	\$ 3,985,625	\$ 491,500	\$ 50,503	\$ 296,531	\$ 4,824,159

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2021

Total fund balances for governmental funds		\$ 4,329,143
Total net position reported for governmental activities in the statement of position is different because:		
Other post employment benefits are not available to pay for current period expenditures and, therefore, are not reported in the funds.		249,051
WRS net pension assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.		1,903,134
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The capital assets consisted of:		
Land	57,000	
Site improvements, net of \$428,002 accumulated depreciation	76,442	
Buildings, net of \$5,668,365 accumulated depreciation	5,877,210	
Furniture and equipment, net of \$1,793,894 accumulated depreciation	455,439	
Vehicles, net of \$50,060 accumulated depreciation	36,656	
Total capital assets		6,502,747
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		3,019,097
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		( 11,758)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest is not accrued in governmental funds but, rather, is recognized as expenditure when due. All liabilities, both current and long-term are reported in the statement of net position. Balances as of June 30, 2021, are:		
Bonds and notes payable, including current portion	(1,547,149)	
Bond premium	( 51,504)	
Net pension liability - supplemental pension	( 153,654)	(1,752,307)
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		(4,279,924)
Total net position of governmental activities		\$ 9,959,183

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2021

	General Fund	Special Revenue Trust Fund	Community Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 3,251,274	\$ 95,522	\$ 404,687	\$ 360,908	\$ 4,112,391
Interdistrict sources	570,056	--	--	--	570,056
Intermediate sources	15,480	--	--	--	15,480
State sources	6,178,712	--	--	8,600	6,187,312
Federal sources	550,880	--	--	320,196	871,076
Other revenue	22,271	--	--	--	22,271
Total revenues	<u>10,588,673</u>	<u>95,522</u>	<u>404,687</u>	<u>689,704</u>	<u>11,778,586</u>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Undifferentiated curriculum	2,715,963	--	--	--	2,715,963
Regular curriculum	1,301,722	4,072	--	--	1,305,794
Special curriculum	957,686	--	--	--	957,686
Other instruction	838,848	72,741	--	--	911,589
Total instruction	<u>5,814,219</u>	<u>76,813</u>	<u>--</u>	<u>--</u>	<u>5,891,032</u>
<b>Support services:</b>					
Pupil services	538,869	--	--	--	538,869
Instructional staff service	378,837	--	--	--	378,837
General administration	407,409	--	--	--	407,409
School building administration	392,818	--	--	--	392,818
Business administration	1,518,800	5	--	--	1,518,805
Debt service	--	--	--	322,739	322,739
Other support services	476,794	--	--	--	476,794
Total support services	<u>3,713,527</u>	<u>5</u>	<u>--</u>	<u>322,739</u>	<u>4,036,271</u>
Nonprogram expenses	841,337	1,500	--	--	842,837
Food service	--	--	--	330,642	330,642
Community service	--	--	433,256	--	433,256
Total expenditures	<u>10,369,083</u>	<u>78,318</u>	<u>433,256</u>	<u>653,381</u>	<u>11,534,038</u>
Net change in fund balances	219,590	17,204	( 28,569)	36,323	244,548
Fund balances, beginning of year, as restated	<u>3,395,856</u>	<u>474,296</u>	<u>( 18,624)</u>	<u>233,067</u>	<u>4,084,595</u>
Fund balances, end of year	<u>\$ 3,615,446</u>	<u>\$ 491,500</u>	<u>\$ ( 47,193)</u>	<u>\$ 269,390</u>	<u>\$ 4,329,143</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2021

Net change in fund balances-governmental funds	\$ 244,548
The change in net position reported for governmental activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is capitalized and depreciated over their useful lives. This is the amount by which depreciation exceeds capital outlays in the current period.	( 347,797)
Accrued interest expense on long-term debt is reported in the district-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, accrued interest is not reported as an expenditure in governmental funds.	2,231
Other post employment benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned throughout the year. Other post employment benefits paid are less than the amounts paid.	14,620
Governmental funds report district supplemental pension contributions as expenditures. However, in the statement of activities and changes in net position, the cost of pension benefits earned net of employee contributions is reported as pension expense.	( 10,525)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which pension expense is less than the amount contributed based on WRS calculations.	570,919
Bond premiums are reported in the governmental funds as a revenue. In the statement of activities, these transactions are capitalized and amortized over the life of the bonds.	7,358
Loan proceeds are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which repayments exceed proceeds.	<u>255,476</u>
Changes in net position of governmental activities	<u>\$ 736,830</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.



**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS**

June 30, 2021

	<u>Employee Benefit Trust Fund</u>
<b>ASSETS</b>	
Cash	\$ 28,138
Investments - OPEB	1,170,743
Investments - supplemental pension	66,694
Total assets	<u>1,265,575</u>
<b>LIABILITIES</b>	
Accounts payable	<u>58,896</u>
<b>NET POSITION</b>	
Restricted for OPEB	1,139,985
Restricted for supplemental pension	66,694
Net position	<u>\$ 1,206,679</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2021

	<u>Employee Benefit Trust Fund</u>
<b>ADDITIONS</b>	
Investment gain - OPEB	\$ 199,084
Investment gain - supplemental pension	11,341
Total additions	<u>210,425</u>
<b>DEDUCTIONS</b>	
Employee benefit payments - OPEB	<u>22,401</u>
Change in net position	188,024
Net position, beginning of year	<u>1,018,655</u>
Net position, end of year	<u>\$ 1,206,679</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies:**

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

**A. Reporting Entity**

The School District of Shiocton is a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of nine taxing districts. The District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement since it has decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and it is primarily accountable for fiscal matters. In addition, there are no component units, as defined in GASB Statement 61 that are included in the District's reporting entity.

**B. Fund Accounting**

The accounts of the District are organized on the basis of funds and account groups, as prescribed by the Wisconsin Department of Public Instruction for elementary and secondary school districts, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District operates the following major governmental funds:

General Fund - the general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District operates major special revenue funds to account for its special revenue trust fund and community service funds.

The District operates the following nonmajor governmental funds:

Debt Service Fund - the debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District operates a nonmajor special revenue fund to account for its food service fund.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

Fiduciary funds - fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include employee benefit trust funds. Employee benefit trust funds are set up to put aside monies for future post retirement benefits. They are irrevocable and can only be dissolved after all the trust assets have been used for their intended purpose.

**C. Basis of Presentation**

*District-wide Financial Statements*

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between governmental and business-type activities of the District. The District did not have any business-type activities in place at June 30, 2021.

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation between the district-wide statements and the governmental fund statements.

The statement of net position presents the financial condition of the government activities of the District at year-end. The statement of activities presents a comparison between the direct expenses and program revenues for each function or program of the governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore, are clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

*Fund Financial Statements*

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reported funds by type. Each major governmental fund is presented in a single column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting.

*Revenues - Exchange and Nonexchange Transactions*

Revenues resulting from exchange transactions are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, tuition, grants, and student fees.

*Expenditures*

Under the accrual basis of accounting, expenditures are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgetary Accounting**

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure control is exercised at the object level in the general fund and at the total expenditures level for all other funds. Reported budget amounts are as originally adopted or as amended by the Board of Education (Board) resolution.

**F. 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 the date of acquisition. All funds share common (pooled) checking and investment accounts, unless regulations require separate investment accounts.

All investments are stated at fair value. Determination of fair value for investment in the Local Government Investment Pool is based on information provided by the State of Wisconsin Investment Board. Determination of fair value for investment held for the employment benefit trust fund is based on information provided by BMO Financial Group.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

**G. Property Taxes**

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. 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 the final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. 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 property taxes.

Property taxes are recognized as revenue in the period that the taxes are levied as if they are due in the current year and available to pay current liabilities. 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, 2021, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

**H. Receivables**

Receivables at June 30, 2021, consisted of taxes, accounts, interest, and governmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of federal and state programs.

**I. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

Vacation benefits are accrued as a liability if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws.

The entire compensated absence liability is reported on the district-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available resources. The balance of the liability is not recorded.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

**J. Capital Assets and Depreciation**

General capital assets are reported in the district-wide statement of net position, but not in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. Donated fixed assets are recorded at their fair value as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than one year, unless their exclusion as a group would make the financial statements materially misleading. The District does not possess any infrastructure. All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings	50 years
Site improvements	10-50 years
Furniture, equipment, and vehicles	5-7 years

**K. Interfund Activity**

Short-term interfund loans are classified as interfund receivables/payables in the fund financial statements. These amounts are eliminated in the statement of net position.

**L. Accrued Liabilities and Long-term Debt**

All accrued liabilities and long-term debt are reported in the district-wide financial statements.

For governmental fund financial statements, accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgements and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

**M. Deferred Outflows / Inflows of Resources**

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items in this category relating to its supplemental pension plan and its share of the WRS pension plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District has items in this category relating to its OPEB plan, supplemental pension plan and its share of the WRS pension plan.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

**N. Fund Equity**

In the fund financial statements, governmental funds report aggregate amounts for the classifications of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact. The District did not have a nonspendable fund balance at June 30, 2021.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - this classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions of enabling legislation.

Committed fund balance - these amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board - the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District did not have a committed fund balance at June 30, 2021.

Assigned fund balance - this classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts in governmental funds, other than in the general fund, which are not classified as nonspendable and are neither restricted nor committed. The District did not have an assigned fund balance at June 30, 2021.

Unassigned fund balance - this fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

The Board has set the general fund minimum fund balance at a level sufficient to minimize short term borrowing for cash flow purposes. The special education fund does not meet the definition of a special revenue fund as defined in GASB pronouncements and the activity in this fund is consolidated with the general fund in the fund financial statements.



**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

*District-Wide Statements*

Equity is classified as net position and displayed in three components:

Net investment in capital assets - amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

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

Unrestricted net position - net position that is neither classified as restricted nor as net investment in capital assets.

**O. 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, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and the District's supplemental pension plan and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported to the District. 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.

**P. Other Post Employment Benefits Plan**

For purposes of measuring the net other post employment benefits (OPEB) liability (asset) and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/ deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported to the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Q. Use of Estimates**

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

**R. Implementation of GASB Standard**

As of July 1, 2020, the District elected to early implement GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes new criteria for identifying fiduciary activities that are reported in the fiduciary funds. This Statement also revised the definition and terminology used for activities that were previously classified as agency funds. The District has reclassified agency and scholarship funds to the special revenue trust fund using the GASB Statement No. 84 definitions. Note 14 outlines this restatement.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Cash and Investments:**

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the trust and agency funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

The District is required to invest its funds in accordance with Wisconsin Statute 66.0603 (1M). The Board has adopted an investment policy pursuant to these statutes that allows the District to invest in the following:

Time deposits

Securities guaranteed by the U.S. Government

Securities of Wisconsin Municipal Units

Securities of Wisconsin Educational and Local Government Investment Pool

Bonds issued by a local exposition district

Bonds issued by a local professional baseball park district

Bonds issued by a local professional stadium district

Bonds issued by the University of Wisconsin Hospitals and Clinics Authority

Bonds issued by a local cultural arts district

Bonds issued by the Wisconsin Aerospace Authority

Securities which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired and received the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency

Securities of an open-ended management investment company or investment trust, if the investment company does not charge a sales load, is registered under the investment company act of 1940, and the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed by the federal government, or repurchase securities that are fully collateralized by bonds or securities

Under the 2005 Wisconsin Act 99, school districts are allowed to invest funds held in trust to provide for post employment health care benefits and other post employment benefits provided separately from a defined benefit pension plan in the same manner as authorized for investments under Wisconsin Statute 881.01 "Uniform Prudent Investor Act".

Under Wisconsin Statute 881.01, a trustee who invests and manages assets of the trust must comply with the prudent investor rule set forth in the statute. This rule requires the trustee of an employee benefit trust fund to exercise reasonable care, skill and caution when investing and managing the assets of the trust.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Cash and Investments - Continued:**

The carrying amount of the District's cash and investments totaled \$4,641,097 on June 30, 2021, as summarized below:

Petty cash funds	\$ 275
Deposits with financial institutions	3,072,139
Investments:	
BMO Financial Group	1,237,437
Ameriprise	5,948
Local Government Investment Pool	325,298
Total	<u>\$ 4,641,097</u>
Reconciliation to the basic financial statements:	
Statement of net position	\$ 3,375,522
Fiduciary funds:	
Employee benefit trust fund	1,265,575
Total	<u>\$ 4,641,097</u>

Deposits and investments of the District are subject to various risks. Presented below is a discussion of specific risks and the District's policy related to each risk.

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian for demand deposits and an additional \$250,000 for time and savings deposits. In addition, the State of Wisconsin has a State Guarantee Fund that provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

The Local Government Investment Pool (LGIP) does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At June 30, 2021 the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Cash and Investments - Continued:**

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total with one day's notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>.

As of June 30, 2021, the carrying amount of the District's bank deposits was \$3,072,139 and the bank balance was \$3,192,272. Of the bank balance, \$824,433 was covered by FDIC insurance and \$1,960,370 was collateralized by Associated Bank. This left \$407,469 uninsured and uncollateralized.

The District's investments for the employee benefit trust are held in an irrevocable trust and are registered in the name of the corporate trustee for the benefit of the District. The District's investments are not exposed to custodial credit risk because the assets are held in the irrevocable trust and cannot be assigned to the obligations of the custodian in the case of the custodian becoming insolvent.

The investment in the Local Government Investment Pool is insured against defaults in principal payments by Financial Security Assurance Incorporated.

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. For investments (other than invested under Wisconsin State Statute 881.01), Wisconsin statutes limit investments in securities to the two ratings assigned by nationally recognized statistical rating organizations.

The District does not have a formal policy to address credit risk, but the risk is mitigated by the fact that the District is not invested in any individual securities and is invested in index funds, which allow for a more diversified portfolio. None of the District's investments are rated.

The District is also invested in the Local Government Investment Pool, which is not rated.

Following is the distribution of the District's investments by each investment type:

<i>Investment Type</i>	<u>Cost</u>	<u>Fair Value</u>
Local Government Investment Pool	\$ 325,298	\$ 325,298
Ameriprise certificates	5,948	5,948
BMO Financial Group:		
Money market funds	25,875	25,875
Bond mutual funds	570,638	572,423
Equity mutual funds	444,929	639,139
Totals	<u>\$ 1,372,688</u>	<u>\$ 1,568,683</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Cash and Investments - Continued:**

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Note 3. Changes in Capital Assets:**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Land	\$ 57,000	\$ --	\$ --	\$ 57,000
Site improvements	504,444	--	--	504,444
Buildings	11,545,575	--	--	11,545,575
Furniture and equipment	2,300,285	67,968	118,920	2,249,333
Vehicles	86,716	--	--	86,716
Totals	<u>14,494,020</u>	<u>67,968</u>	<u>118,920</u>	<u>14,443,068</u>
Accumulated depreciation:				
Site improvements	415,528	12,474	--	428,002
Buildings	5,440,964	227,401	--	5,668,365
Furniture and equipment	1,745,766	123,250	75,122	1,793,894
Vehicles	41,218	8,842	--	50,060
Totals	<u>7,643,476</u>	<u>371,967</u>	<u>75,122</u>	<u>7,940,321</u>
Net totals	<u>\$ 6,850,544</u>	<u>\$ ( 303,999)</u>	<u>\$ 43,798</u>	<u>\$ 6,502,747</u>

All depreciation expense was charged to unallocated depreciation.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 4. Long-term Obligations:**

Long-term obligations of the District are as follows:

<i>Type</i>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$ 1,802,625	\$ --	\$ 255,476	\$ 1,547,149	\$ 232,149
Bond premium	58,862	--	7,358	51,504	--
Net pension liability - supplemental pension	<u>137,084</u>	<u>16,570</u>	<u>--</u>	<u>153,654</u>	<u>--</u>
Totals	<u>\$ 1,998,571</u>	<u>\$ 16,570</u>	<u>\$ 262,834</u>	<u>\$ 1,752,307</u>	<u>\$ 232,149</u>

Total interest paid for the year ended June 30, 2021, was \$67,263 on long-term debt.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2021, is comprised of the following issues:

<i>Description</i>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balances</u>
General obligation bonds	6/5/18	3.0 - 4.0%	4/1/28	\$ 1,510,000
General obligation bonds	3/15/12	4.0%	3/15/22	<u>37,149</u>
Total				<u>\$ 1,547,149</u>

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$356,442,966. 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 is as follows:

Debt limit (10% of \$356,442,966)	\$ 35,644,297
Deduct long-term debt applicable to debt margin	<u>1,547,149</u>
Margin of indebtedness	<u>\$ 34,097,148</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 4. Long-term Obligations - Continued:**

Aggregate cash flow requirements for the retirement of general obligation debt principal and interest on June 30, 2021, are as follows:

Year ending <i>June 30,</i>	Principal	Interest	Totals
2022	\$ 232,149	\$ 60,490	\$ 292,639
2023	205,000	50,525	255,525
2024	210,000	43,350	253,350
2025	210,000	36,000	246,000
2026	220,000	27,600	247,600
2027-2028	470,000	28,400	498,400
Totals	<u>\$ 1,547,149</u>	<u>\$ 246,365</u>	<u>\$ 1,793,514</u>

**Note 5. Fund Balance Reporting:**

The following table discloses details of the amounts reported in the various fund balance categories as of June 30, 2021:

Description	General Fund	Special Revenue Trust Fund	Community Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Restricted:					
Debt service fund	\$ --	\$ --	\$ --	\$ 113,199	\$ 113,199
Unspent common school fund revenues	4,019	--	--	--	4,019
Donations - special revenue trust fund	--	491,500	--	--	491,500
Food service fund activities	--	--	--	156,191	156,191
Unassigned	<u>3,611,427</u>	<u>--</u>	<u>( 47,193)</u>	<u>--</u>	<u>3,564,234</u>
Total fund balances	<u>\$ 3,615,446</u>	<u>\$ 491,500</u>	<u>\$ ( 47,193)</u>	<u>\$ 269,390</u>	<u>\$ 4,329,143</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 6. Excess of Actual Expenditures Over Budget:**

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2021:

General fund:

General administration	\$ 2,063
Nonprogram expenses	85,881

Special Education fund:

Pupil services	10,054
Instructional staff services	12,502
Other support services	127

**Note 7. General Information About the WRS 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, and expected to work at least 1200 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 WRS Financial Report, which can be found at <https://etf.wi.gov/publications/cafr.htm>

**Vesting**

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

**Benefits Provided**

Employees who retire at or after age 65 (54 for protective occupation employees, 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 are required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.



**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 7. General Information About the WRS Pension Plan - Continued:**

Vested participants may retire at or after age 55 (50 for protective occupation employees) 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2011	(1.2) %	11 %
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

**Contributions**

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and 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 \$338,571 in contributions from the employer.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 7. General Information About the WRS Pension Plan - Continued:**

Contribution rates as of June 30, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives & elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the District reported a liability (asset) of \$(1,903,134) 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 0.030408362%, which was a decrease of 0.00025551% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized a reduction of pension expense of \$209,226.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,754,421	\$ 593,297
Change in assumptions	43,166	--
Net differences between projected and actual earnings on pension plan investments	--	3,572,980
Changes in proportion and differences between employer contributions and proportionate share of contributions	969	7,176
Employer contributions subsequent to the measurement date	211,045	--
Totals	<u>\$ 3,009,601</u>	<u>\$ 4,173,453</u>

\$211,045 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 7. General Information About the WRS Pension Plan - Continued:**

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

Year ending <i>June 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 1,766,522	\$ 2,121,429
2022	1,495,300	1,592,019
2023	657,298	1,305,677
2024	273,837	548,759
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
Asset valuation method	Fair value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

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

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

**Long-term Expected Return on Plan Assets**

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

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 7. General Information About the WRS Pension Plan - Continued:**

**Asset Allocation**

**Targets and Expected**

**Returns**

**As of December 31, 2020**

<u>Core Fund Asset Class</u>	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	0.8
Inflation sensitive assets	16	2.0	(0.4)
Real estate	8	5.6	3.1
Private equity/debt	11	10.2	7.6
Multi-asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
 <u>Variable Fund Asset Class</u>			
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 7.0% 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 7.0% and a municipal bond rate of 2.0% (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 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 7. General Information About the WRS Pension Plan - Continued:**

**Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's proportionate share of the net pension liability (asset)	\$ 1,811,520	\$ (1,903,134)	\$ (4,631,521)

**Pension Plan Fiduciary Net Position**

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

**Payable to WRS Pension Plan**

The District reported a payable of \$116,924 for the outstanding amount of contributions in the Plan for the year ended June 30, 2021.

**Note 8. General Information About the OPEB Plan:**

**Plan Description and Benefits Provided**

The District's post-employment medical plan is a single-employer, defined benefit healthcare plan administered by the District. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. The authority to establish and amend benefit provisions is with the Board of Education. There is no financial report issued by the plan.

**Employees Covered by Benefit Terms**

The following employees were covered by the benefit terms as of the June 30, 2019 actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	5
Inactive plan members entitled to but not receiving benefits	1
Active plan members	32
Total	38

**Contributions**

The contribution requirements of the District are established and may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2021, the District's average contribution rate was 0% of covered-employee payroll. Employees are not required to contribute to the plan.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 8. General Information About the OPEB Plan - Continued:**

**Net OPEB Liability (Asset)**

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

**Actuarial Assumptions**

The total OPEB liability (asset) in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 %
Salary increases	3.0 %
Investment rate of return	5.0 %, net of OPEB plan investment expenses
Healthcare cost trend rates	Medical: Initial rate of 7.5%, decreasing by 0.5% per year down to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter Dental: Level at 5.0%

Mortality rates were based on the Wisconsin 2018 Mortality Table.

**Investment Policy**

Funds for the OPEB plan, "Employee Benefit Trust", adheres to Wisconsin Statute 881.01 "Uniform Prudent Investor Act" which requires reasonable care, skill, and caution in the investment and managing of trust assets. The Employee Benefit Trust is managed by BMO Financial Group.

**Discount Rate**

The discount rate used to measure the total OPEB liability (asset) was 5.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 8. General Information About the OPEB Plan - Continued:  
Changes in the Net OPEB Liability (Asset)**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at 6/30/2019	\$ 704,924	\$ 972,089	\$ ( 267,165)
Changes for the year:			
Service cost	20,106	--	20,106
Interest	34,614	--	34,614
Differences between expected and actual experience	--	--	--
Changes of assumptions or other input	--	--	--
Net investment income	--	40,497	( 40,497)
Benefit payments	( 45,393)	( 45,393)	--
Administrative expense	--	( 3,891)	3,891
Net changes	9,327	( 8,787)	18,114
Balances at 6/30/2020	\$ 714,251	\$ 963,302	\$ ( 249,051)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1%-point lower (4.0%) or 1%-point higher (6.0%) than the discount rate:

	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
Net OPEB liability (asset)	\$ ( 224,745)	\$ ( 249,051)	\$ ( 273,433)

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 8. General Information About the OPEB Plan - Continued:**

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1%-point lower or 1%-point higher than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing To 5.0%)	1% Increase (8.5% decreasing To 6.0%)
Net OPEB liability (asset)	\$ ( 249,085)	\$ ( 249,051)	\$ ( 249,016)

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the District recognized a reduction of OPEB expense of \$14,620. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ --	\$ 22,483
Differences between expected and actual experience	--	37,795
Changes of assumptions or other input	--	14,314
Totals	<u>\$ --</u>	<u>\$ 74,592</u>

Amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year ending	
<i>June 30,</i>	
2021	\$ ( 25,859)
2022	( 15,518)
2023	( 11,269)
2024	( 8,214)
2025	( 6,869)
Thereafter	( 6,863)



**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 9. General Information About the Supplemental Pension Plan:**

**Plan Description and Benefits Provided**

The District provides a supplemental pension benefit to eligible retirees in the form of a cash stipend paid for a duration of two years. The supplemental pension plan is a single-employer defined benefit plan administered by the District. The amount of the stipend is equal to \$360 (\$500 for those hired after June 1, 2011) multiplied by the retiree's years of service. The District provides eligible Administrators with a one-time contribution upon retirement in the amount of \$400 per year of service. Additionally, teachers that retired prior to July 1, 2013, that chose not to participate in the medical plan, instead receive a monthly cash benefit of \$630 in lieu of their participation. The benefits paid to eligible retirees are accounted for under GASB Statement No. 68. The plan is administered by the District and does not issue a stand alone report.

**Employees Covered by Benefit Terms**

The following employees were covered by the benefit terms as of the June 30, 2019 actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	--
Active employees	59
Total employees	<u>60</u>

**Contributions**

The District is required to provide contributions on a pay-as-you-go basis.

**Net Pension Liability**

The District's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019.

**Actuarial Assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent, average, including inflation
Investment rate of return	5.0 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-2017.

The long-term expected rate of return on pension plan investments was calculated by the actuary.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 9. General Information About the Supplemental Pension Plan - Continued:**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/19	\$ 190,431	\$ 53,347	\$ 137,084
Changes for the year:			
Service cost	8,834	--	8,834
Interest	9,742	--	9,742
Changes of benefit terms	--	--	--
Differences between expected and actual experience	--	--	--
Changes of assumptions or other input	--	--	--
Benefits payments	--	--	--
Net investment income	--	2,006	( 2,006)
Net changes	18,576	2,006	16,570
Balances at 6/30/20	\$ 209,007	\$ 55,353	\$ 153,654

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the District, calculated using the discount rate of 5.0%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current rate:

	1% Decrease to Discount Rate (4.0%)	Current Discount Rate (5.0%)	1% Increase to Discount Rate (6.0%)
District's net pension liability	\$ 163,151	\$ 153,654	\$ 144,395

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 9. General Information About the Supplemental Pension Plan - Continued:**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2021, the District recognized pension expense of \$10,525. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ - -	\$ 1,686
Differences between expected and actual experience	7,170	25,683
Changes of assumptions or other input	2,326	4,510
Totals	\$ 9,496	\$ 31,879

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending <i>June 30,</i>	
2021	\$ ( 6,409)
2022	( 5,696)
2023	( 5,316)
2024	( 444)
2025	( 577)
Thereafter	( 3,941)

**Note 10. Limitation on School District Revenues:**

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 11. Interfund Transactions:**

Interfund balances on the fund financial statements at June 30, 2021, consisted of the following:

<i>Fund</i>	<u>Due From</u>	<u>Due To</u>
General fund	\$ 2,222	\$ 11,815
Food Service	26,501	--
Special revenue trust fund	10,000	--
Community Service	--	26,908
Totals	<u>\$ 38,723</u>	<u>\$ 38,723</u>

The interfund balance between the food service fund and the community service fund exists to reimburse the food service fund for food charges incurred in the community service fund.

The interfund balance between the special revenue trust fund and the general fund represents money owed by the general fund to the special revenue trust fund for scholarship receipts.

**Note 12. Contingent Liabilities:**

Risk management - the District is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for most of these risks. There were no significant reductions in purchased coverage for the year ended June 30, 2021. No settlements exceeded insured amounts in the last three fiscal years.

Litigation - 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 counsel that the likelihood is remote, due in part to insurance coverage, that any other such claims or proceedings will have a material effect on the District's financial position.

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

**Note 13. Fair Value Measurement:**

The District's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active

Level 3 - Investments reflect prices based upon unobservable sources

The categorization of investments with the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 13. Fair Value Measurement - Continued:**

The fair value of the District's investments were classified as follows:

	Level 1	Level 2	Level 3	Totals
Money Market funds	\$ 25,875	\$ --	\$ --	\$ 25,875
Bond mutual funds	572,423	--	--	572,423
Equity mutual funds	639,139	--	--	639,139
Ameriprise certificates	5,948	--	--	5,948
LGIP	--	325,298	--	325,298
<b>Totals</b>	<b>\$ 1,243,385</b>	<b>\$ 325,298</b>	<b>\$ --</b>	<b>\$ 1,568,683</b>

Investments classified in the Level 1 of the fair value hierarchy are valued using prices provided by BMO Financial Group for the District's employee benefit trust and Ameriprise Financial Services.

Investments classified in the Level 2 of the fair value hierarchy represents the District's share of the Local Government Investment Pool as provided by the State of Wisconsin Investment Board.

**Note 14. Prior Period Adjustment:**

The government-wide net position and fund balances were restated as a result of the implementation of GASB Statement No. 84.

	Agency Funds	Private Purpose Trust Funds	Special Revenue Trust Fund
Net position/fund balance as previously reported at June 30, 2020	\$ 121,669	\$ 22,967	\$ 329,660
To reclassify funds as a result of the implementation of GASB Statement No. 84:			
Scholarship funds	--	( 22,967)	22,967
Agency funds	( 121,669)	--	121,669
Net position/fund balance, as restated July 1, 2020	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 474,296</u>

The effect of the District making a prior period adjustment due to the implementation of GASB Statement No. 84 resulted in the restatement of the District's net position as of July 1, 2020, as follows:

Total net position as previously reported in the statement of activities	\$ 9,077,717
Scholarship funds reclassified	22,967
Agency funds reclassified	121,669
<b>Total net position as restated July 1, 2020</b>	<b><u>\$ 9,222,353</u></b>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 15. Subsequent Events:**

The District has evaluated all subsequent events through December 15, 2021, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS  
Other Post Employment Benefits Plan  
Last 10 Fiscal Years\***

	2021	2020
Total OPEB liability:		
Service cost	\$ 20,106	\$ 20,173
Interest	34,614	37,546
Changes of assumptions or other input	--	( 17,540)
Differences between expected and actual experience	--	( 37,406)
Benefit payments	( 45,393)	( 77,368)
Net change in total OPEB liability	9,327	( 74,595)
Total OPEB liability - beginning	704,924	779,519
Total OPEB liability - ending	\$ 714,251	\$ 704,924
Plan fiduciary net position:		
Contributions - employer	\$ --	\$ --
Contributions - employee	--	--
Net investment income	40,497	62,643
Changes of benefit terms	--	--
Benefit payments	( 45,393)	( 77,368)
Administrative expense	( 3,891)	--
Adjustment	--	--
Net change in plan fiduciary net position	( 8,787)	( 14,725)
Total fiduciary net position - beginning	972,089	986,814
Total fiduciary net position - ending	\$ 963,302	\$ 972,089
Net OPEB liability (asset) - ending	\$ ( 249,051)	\$ ( 267,165)
Plan fiduciary net position as a percentage of the total OPEB liability	134.87%	137.90%
The District's covered employee payroll	\$ 1,882,939	\$ 1,882,939
Net OPEB liability (asset) as a percentage of covered employee payroll	-13.23%	-14.19%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 is the first year that this information has been made available due to implementation of GASB 74 and 75.



<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 20,173	\$ 20,966	\$ 20,966
38,518	40,414	41,784
--	( 2,324)	--
--	( 19,485)	--
( 78,878)	( 75,317)	( 104,991)
( 20,187)	( 35,746)	( 42,241)
799,706	835,452	877,693
<u>\$ 779,519</u>	<u>\$ 799,706</u>	<u>\$ 835,452</u>
\$ --	\$ --	\$ --
--	--	--
70,440	99,745	( 4,858)
--	--	--
( 78,878)	( 75,317)	( 104,991)
--	--	--
( 27,825)	--	--
( 36,263)	24,428	( 109,849)
1,023,077	998,649	1,108,498
<u>\$ 986,814</u>	<u>\$ 1,023,077</u>	<u>\$ 998,649</u>
<u>\$ ( 207,295)</u>	<u>\$ ( 223,371)</u>	<u>\$ ( 163,197)</u>
126.59%	127.93%	119.53%
\$ 1,812,692	\$ 1,812,692	\$ 2,025,319
-11.44%	-12.32%	-8.06%

SEE NOTES TO REQUIRED OPEB PLAN SCHEDULES.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
Other Post Employment Benefits Plan  
Last 10 Fiscal Years\***

	<u>2021</u>	<u>2020</u>
Actuarially determined contributions	\$ 8,923	\$ 11,321
Contributions in relation to the actuarially determined contributions	<u>--</u>	<u>--</u>
Contribution deficiency (excess)	<u>\$ 8,923</u>	<u>\$ 11,321</u>
District's covered employee payroll	\$ 1,882,939	\$ 1,882,939
Contributions as a percentage of covered employee payroll	0.00%	0.00%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 is the first year that this information has been made available due to implementation of GASB 74 and 75.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 10,991	\$ 12,168	\$ 11,814
<u>    --</u>	<u>    --</u>	<u>    --</u>
<u>\$ 10,991</u>	<u>\$ 12,168</u>	<u>\$ 11,814</u>
\$ 1,812,692	\$ 1,812,692	\$ 2,025,319
0.00%	0.00%	0.00%

SEE NOTES TO REQUIRED OPEB PLAN SCHEDULES.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO REQUIRED OPEB PLAN SCHEDULES  
For the Year Ended June 30, 2021**

**Note 1. Change of Benefit Terms:**

There were no changes of benefit terms for this benefit.

**Note 2. Change of Assumptions:**

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

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET)  
Wisconsin Retirement System  
Last 10 Fiscal Years\***

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
06/30/15	0.02972284%	\$ ( 729,874)	\$ 4,056,268	102.74%
06/30/16	0.02971512%	482,865	4,291,471	98.20%
06/30/17	0.02976515%	245,336	4,360,399	99.12%
06/30/18	0.03038739%	( 902,237)	4,572,753	102.93%
06/30/19	0.03053126%	1,086,206	4,709,938	96.45%
06/30/20	0.03073913%	( 991,169)	4,932,704	102.96%
06/30/21	0.03048362%	( 1,903,134)	5,015,860	105.26%

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

2015 was the first year that this information was made available due to implementation of GASB 68.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
Wisconsin Retirement System  
Last 10 Fiscal Years\***

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
06/30/15	\$ 283,550	\$ 283,550	\$ --	\$ 4,056,268	6.99%
06/30/16	291,821	291,821	--	4,291,471	6.80%
06/30/17	287,789	287,789	--	4,360,399	6.60%
06/30/18	310,737	310,737	--	4,572,753	6.80%
06/30/19	315,566	315,566	--	4,709,938	6.70%
06/30/20	323,091	323,091	--	4,932,704	6.55%
06/30/21	338,571	338,571	--	5,015,860	6.75%

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

2015 was the first year that this information was made available due to implementation of GASB 68.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO REQUIRED WRS SCHEDULES  
For the Year Ended June 30, 2021**

**Note 1. Change of Benefit Terms:**

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

**Note 2. Change of Assumptions:**

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

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Supplemental Pension Plan

Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:			
Service cost	\$ 8,834	\$ 9,740	\$ 9,740
Interest	9,742	9,502	9,125
Changes of benefit terms	--	9,396	--
Changes of assumptions or other input	--	( 4,341)	--
Differences between expected and actual experience	--	( 15,247)	--
Benefit payments	--	( 7,560)	( 15,120)
Net change in total pension liability	<u>18,576</u>	<u>1,490</u>	<u>3,745</u>
Total pension liability - beginning	<u>190,431</u>	<u>188,941</u>	<u>185,196</u>
Total pension liability - ending	<u><u>\$ 209,007</u></u>	<u><u>\$ 190,431</u></u>	<u><u>\$ 188,941</u></u>
Plan fiduciary net position:			
Contributions - employer	\$ --	\$ --	\$ --
Contributions - employee	--	--	--
Net investment income	2,006	3,882	4,909
Benefit payments	--	( 7,560)	( 15,120)
Net change in fiduciary net position	<u>2,006</u>	<u>( 3,678)</u>	<u>( 10,211)</u>
Total fiduciary net position - beginning	<u>53,347</u>	<u>57,025</u>	<u>67,236</u>
Total fiduciary net position - ending	<u><u>\$ 55,353</u></u>	<u><u>\$ 53,347</u></u>	<u><u>\$ 57,025</u></u>
Net pension liability - ending	<u><u>\$ 153,654</u></u>	<u><u>\$ 137,084</u></u>	<u><u>\$ 131,916</u></u>
Plan fiduciary net position as a percentage of the total pension liability	26.48%	28.01%	30.18%
The District's covered employee payroll	\$ 3,261,426	\$ 3,261,426	\$ 3,215,875
Net pension liability as a percentage of covered employee payroll	4.71%	4.20%	4.10%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2015 was the first year that this information has been made available due to implementation of GASB 68.



2018	2017	2016	2015
\$ 8,814	\$ 8,814	\$ 8,367	\$ 8,367
8,316	8,653	10,830	10,912
--	--	--	--
3,362	--	( 38,928)	--
10,358	--	( 2,675)	--
( 15,120)	( 33,300)	( 32,220)	( 9,810)
<u>15,730</u>	<u>( 15,833)</u>	<u>( 54,626)</u>	<u>9,469</u>
169,466	185,299	239,925	230,456
<u>\$ 185,196</u>	<u>\$ 169,466</u>	<u>\$ 185,299</u>	<u>\$ 239,925</u>
\$ --	\$ --	\$ 78,532	\$ 13,565
--	--	--	--
6,957	( 498)	640	8,873
( 15,120)	( 33,300)	( 32,220)	( 9,810)
<u>( 8,163)</u>	<u>( 33,798)</u>	<u>46,952</u>	<u>12,628</u>
75,399	109,197	62,245	49,617
<u>\$ 67,236</u>	<u>\$ 75,399</u>	<u>\$ 109,197</u>	<u>\$ 62,245</u>
<u>\$ 117,960</u>	<u>\$ 94,067</u>	<u>\$ 76,102</u>	<u>\$ 177,680</u>
36.31%	44.49%	58.93%	25.94%
\$ 3,215,875	\$ 3,074,698	\$ 3,074,698	\$ 2,899,785
3.67%	3.06%	2.48%	6.13%

SEE NOTES TO REQUIRED SUPPLEMENTAL PENSION PLAN SCHEDULES.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
Supplemental Pension Plan  
Last 10 Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contributions	\$ 15,530	\$ 16,077	\$ 15,609
Contributions in relation to the actuarially determined contributions	<u>--</u>	<u>--</u>	<u>--</u>
Contribution deficiency (excess)	<u>\$ 15,530</u>	<u>\$ 16,077</u>	<u>\$ 15,609</u>
District's covered employee payroll	\$ 3,261,426	\$ 3,261,426	\$ 3,215,875
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2015 was the first year that this information has been made available due to implementation of GASB 68.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 13,109	\$ 12,727	\$ 19,036	\$ 19,036
<u>--</u>	<u>--</u>	<u>( 78,532)</u>	<u>( 13,565)</u>
<u>\$ 13,109</u>	<u>\$ 12,727</u>	<u>\$ ( 59,496)</u>	<u>\$ 5,471</u>
\$ 3,215,875	\$ 3,074,698	\$ 3,074,698	\$ 2,899,785
0.00%	0.00%	2.55%	0.47%

SEE NOTES TO REQUIRED SUPPLEMENTAL PENSION PLAN SCHEDULES.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTAL PENSION PLAN SCHEDULES**  
For the Year Ended June 30, 2021

**Note 1. Change of Benefit Terms:**

There were no changes of benefit terms for this benefit.

**Note 2. Change of Assumptions:**

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

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL -  
GENERAL FUND**

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Local sources	\$ 3,275,275	\$ 3,272,335	\$ 3,251,274	\$ ( 21,061)
Interdistrict sources	582,921	582,921	570,056	( 12,865)
Intermediate sources	2,500	2,500	6,464	3,964
State sources	5,886,136	5,886,136	5,900,993	14,857
Federal sources	150,555	150,555	351,430	200,875
Other revenue	10,000	16,000	22,271	6,271
Total revenues	<u>9,907,387</u>	<u>9,910,447</u>	<u>10,102,488</u>	<u>192,041</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Undifferentiated curriculum	2,891,561	2,891,561	2,715,963	175,598
Regular curriculum	1,315,696	1,331,946	1,301,722	30,224
Other instruction	907,468	907,468	838,848	68,620
Total instruction	<u>5,114,725</u>	<u>5,130,975</u>	<u>4,856,533</u>	<u>274,442</u>
<b>Support services:</b>				
Pupil services	406,951	406,601	366,280	40,321
Instructional staff services	319,754	318,104	196,900	121,204
General administration	405,346	405,346	407,409	( 2,063)
School building administration	398,890	398,890	392,818	6,072
Business administration	1,578,424	1,578,424	1,517,572	60,852
Other support services	507,762	507,762	475,302	32,460
Total support services	<u>3,617,127</u>	<u>3,615,127</u>	<u>3,356,281</u>	<u>258,846</u>
Nonprogram expenses	755,456	755,456	841,337	( 85,881)
Total expenditures	<u>9,487,308</u>	<u>9,501,558</u>	<u>9,054,151</u>	<u>447,407</u>
Excess of revenues over expenditures	420,079	408,889	1,048,337	639,448
<b>Other financing sources (uses):</b>				
Operating transfers (out)	( 903,902)	( 903,902)	( 828,747)	75,155
Net change in fund balance	( 483,823)	( 495,013)	219,590	714,603
Fund balance, beginning of year,	<u>3,395,856</u>	<u>3,395,856</u>	<u>3,395,856</u>	<u>--</u>
Fund balance, end of year	<u>\$ 2,912,033</u>	<u>\$ 2,900,843</u>	<u>\$ 3,615,446</u>	<u>\$ 714,603</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL -  
SPECIAL EDUCATION FUND  
For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Intermediate sources	\$ 15,000	\$ 15,000	\$ 9,016	\$ ( 5,984)
State sources	240,000	240,000	277,719	37,719
Federal sources	198,000	198,000	199,450	1,450
Total revenues	<u>453,000</u>	<u>453,000</u>	<u>486,185</u>	<u>33,185</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Special curriculum	<u>1,020,677</u>	<u>1,020,567</u>	<u>957,686</u>	<u>62,881</u>
<b>Support services:</b>				
Pupil services	162,535	162,535	172,589	( 10,054)
Instructional staff services	169,325	169,435	181,937	( 12,502)
Business administration	3,000	3,000	1,228	1,772
Other support services	<u>1,365</u>	<u>1,365</u>	<u>1,492</u>	<u>( 127)</u>
Total support services	<u>336,225</u>	<u>336,335</u>	<u>357,246</u>	<u>( 20,911)</u>
Nonprogram expenses	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>1,356,902</u>	<u>1,356,902</u>	<u>1,314,932</u>	<u>41,970</u>
Excess of revenues over (under) expenditures	( 903,902)	( 903,902)	( 828,747)	75,155
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>903,902</u>	<u>903,902</u>	<u>828,747</u>	<u>( 75,155)</u>
Net change in fund balance	--	--	--	--
Fund balance, beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2021

	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 113,199	\$ 146,772	\$ 259,971
Due from other funds	--	26,501	26,501
Due from other governments	--	10,059	10,059
Total assets	<u>\$ 113,199</u>	<u>\$ 183,332</u>	<u>\$ 296,531</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Food service deposits	<u>\$ --</u>	<u>\$ 27,141</u>	<u>\$ 27,141</u>
Fund balances:			
Spendable:			
Restricted	<u>113,199</u>	<u>156,191</u>	<u>269,390</u>
Total liabilities and fund balances	<u>\$ 113,199</u>	<u>\$ 183,332</u>	<u>\$ 296,531</u>



**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2021

	Debt Service Fund	Food Service Fund	Totals
Revenues:			
Local sources	\$ 321,755	\$ 39,153	\$ 360,908
State sources	--	8,600	8,600
Federal sources	--	320,196	320,196
	<u>321,755</u>	<u>367,949</u>	<u>689,704</u>
Total revenues			
Expenditures:			
Support services:			
Debt service	322,739	--	322,739
Food service	--	330,642	330,642
	<u>322,739</u>	<u>330,642</u>	<u>653,381</u>
Total expenditures			
Net change in fund balances	( 984)	37,307	36,323
Fund balances, beginning of year	<u>114,183</u>	<u>118,884</u>	<u>233,067</u>
Fund balances, end of year	<u>\$ 113,199</u>	<u>\$ 156,191</u>	<u>\$ 269,390</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**COMBINING BALANCE SHEET -  
GENERAL FUND**

June 30, 2021

	General Fund	Special Education Fund	Eliminations	General Fund Combined
<b>ASSETS</b>				
Cash and investments	\$ 2,583,548	\$ --	\$ --	\$ 2,583,548
Taxes receivable	1,005,167	--	--	1,005,167
Accounts receivable	58,896	--	--	58,896
Due from other funds	18,534	--	( 16,312)	2,222
Due from other governments	310,537	25,255	--	335,792
<b>Total assets</b>	<b>\$ 3,976,682</b>	<b>\$ 25,255</b>	<b>\$ ( 16,312)</b>	<b>\$ 3,985,625</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 18,935	\$ 8,943	\$ --	\$ 27,878
Accrued salaries and related items	330,486	--	--	330,486
Due to other funds	11,815	16,312	( 16,312)	11,815
<b>Total liabilities</b>	<b>361,236</b>	<b>25,255</b>	<b>( 16,312)</b>	<b>370,179</b>
 <b>Fund balances:</b>				
<b>Spendable:</b>				
Restricted	4,019	--	--	4,019
Unassigned	3,611,427	--	--	3,611,427
<b>Total fund balances</b>	<b>3,615,446</b>	<b>--</b>	<b>--</b>	<b>3,615,446</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,976,682</b>	<b>\$ 25,255</b>	<b>\$ ( 16,312)</b>	<b>\$ 3,985,625</b>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GENERAL FUND**

For the Year Ended June 30, 2021

	General Fund	Special Education Fund	Eliminations	General Fund Combined
<b>Revenues:</b>				
Local sources	\$ 3,251,274	\$ --	\$ --	\$ 3,251,274
Interdistrict sources	570,056	--	--	570,056
Intermediate sources	6,464	9,016	--	15,480
State sources	5,900,993	277,719	--	6,178,712
Federal sources	351,430	199,450	--	550,880
Other revenue	22,271	--	--	22,271
Total revenues	<u>10,102,488</u>	<u>486,185</u>	<u>--</u>	<u>10,588,673</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Undifferentiated curriculum	2,715,963	--	--	2,715,963
Regular curriculum	1,301,722	--	--	1,301,722
Special curriculum	--	957,686	--	957,686
Other instruction	838,848	--	--	838,848
Total instruction	<u>4,856,533</u>	<u>957,686</u>	<u>--</u>	<u>5,814,219</u>
<b>Support services:</b>				
Pupil services	366,280	172,589	--	538,869
Instructional staff service	196,900	181,937	--	378,837
General administration	407,409	--	--	407,409
School building administration	392,818	--	--	392,818
Business administration	1,517,572	1,228	--	1,518,800
Other support services	475,302	1,492	--	476,794
Total support services	<u>3,356,281</u>	<u>357,246</u>	<u>--</u>	<u>3,713,527</u>
Nonprogram expenses	841,337	--	--	841,337
Total expenditures	<u>9,054,151</u>	<u>1,314,932</u>	<u>--</u>	<u>10,369,083</u>
Excess of revenues over (under) expenditures	<u>1,048,337</u>	<u>( 828,747)</u>	<u>--</u>	<u>219,590</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	--	828,747	( 828,747)	--
Operating transfers (out)	( 828,747)	--	828,747	--
Net other financing sources (uses)	<u>( 828,747)</u>	<u>828,747</u>	<u>--</u>	<u>--</u>
Net change in fund balances	219,590	--	--	219,590
Fund balances, beginning of year	3,395,856	--	--	3,395,856
Fund balances, end of year	<u>\$ 3,615,446</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,615,446</u>

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2021**

Federal Grantor/ Pass-Through Grantor/ Award Description	Federal Catalog Number	Pass-Through Identification Number	Accrued Receivable 6/30/20
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Pass-Through Programs From:			
WI Department of Public Instruction:			
<i>Child Nutrition Cluster:</i>			
National School Breakfast	10.553	2021-445348-DPI-SB-546	\$ --
National School Lunch-noncash	10.555	2021-445348-DPI-NSL-001	--
National School Lunch-cash	10.555	2021-445348-DPI-NSL-547	--
Child Nutrition Cluster Totals			<u>    --</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Pass-Through Programs From:			
CESA #6:			
Stop School Violence Grant	16.839	N/A	--
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Pass-Through Programs From:			
WI Department of Public Instruction:			
Title I-A Basic Grant	84.010	2021-445348-DPI-TIA-141	59,442
Title II, Part A, Teacher/Principal Training and Recruiting Fund	84.367	2021-445348-DPI-TIIA-365	16,509
Title IV-A Student Support and Academic Enrichment Grants	84.424	2021-445348-DPI-TIVA-381	7,276
Elementary and Secondary School Emergency Relief	84.425	2021-445348-DPI-ESSERF-160	--
<i>Special Education Cluster:</i>			
IDEA Flow Through	84.027	2021-445348-DPI-IDEA-F-341	32,293
IDEA Preschool Entitlement	84.173	2021-445348-DPI-IDEA-P-347	1,071
Special Education Cluster Totals			<u>    33,364</u>
CESA #6:			
Carl Perkins	84.048	N/A	--
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Pass-Through Programs From:			
WI Department of Health Services:			
Medical Assistance Program	93.778	N/A	--
Totals			<u><u>\$ 116,591</u></u>

<u>Expenditures</u>	<u>Grantor Reimbursement</u>	<u>Accrued Receivable 6/30/21</u>
\$ 34,209	\$ 32,442	\$ 1,767
24,693	24,693	--
251,847	243,556	8,291
<u>310,749</u>	<u>300,691</u>	<u>10,058</u>
3,970	--	3,970
66,160	100,633	24,969
13,939	26,871	3,577
13,194	7,276	13,194
<u>238,327</u>	<u>51,859</u>	<u>186,468</u>
147,342	155,828	23,807
<u>4,889</u>	<u>4,586</u>	<u>1,374</u>
<u>152,231</u>	<u>160,414</u>	<u>25,181</u>
2,494	2,494	--
<u>47,218</u>	<u>47,144</u>	<u>74</u>
<u>\$ 848,282</u>	<u>\$ 697,382</u>	<u>\$ 267,491</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2021**

State Grantor/ Award Description	State ID Number	Pass-Through Identification Number	Accrued Receivable 6/30/20
<b>WI DEPARTMENT OF PUBLIC INSTRUCTION</b>			
Special Education and School			
Age Parents	255.101	445348-100	\$ --
State School Lunch Aid	255.102	445348-107	--
Common School Library Fund	255.103	445348-104	--
General Transportation Aid	255.107	445348-102	--
Wisconsin School Day Milk Program	255.115	445348-109	--
Equalization Aids	255.201	445348-116	76,506
Sparsity Aid	255.212	445348-162	--
Supplemental Per Pupil Aid	255.245	445348-181	--
State School Breakfast Aid	255.344	445348-108	--
Per Pupil Aid	255.945	445348-113	--
Educator Effectiveness Grant	255.940	445348-154	--
Career and Technical Education Incentive Grants	255.950	445348-152	--
Assessments of Reading Readiness	255.956	445348-166	--
CESA #6:			
Special Education and School Age Parents	255.101	N/A	--
Totals			<u>\$ 76,506</u>

<u>Expenditures</u>	<u>Grantor Reimbursement</u>	<u>Accrued Receivable 6/30/21</u>
\$ 277,719	\$ 277,719	\$ --
4,460	4,460	--
29,710	29,710	--
29,124	29,124	--
1,802	1,802	--
4,941,097	4,939,531	78,072
280,872	280,872	--
2,124	2,124	--
2,337	2,337	--
518,658	518,658	--
5,600	5,600	--
10,369	10,369	--
1,465	1,464	--
9,016	9,016	--
<u>\$ 6,114,353</u>	<u>\$ 6,112,786</u>	<u>\$ 78,072</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND  
STATE AWARDS**

For the Year Ended June 30, 2021

**Note 1. Basis of Presentation:**

The accompanying schedules of expenditures of federal and state awards (schedules) include the federal and state grant activity of the School District of Shiocton under programs of the federal and state governments for the year ended June 30, 2021. The information in these schedules is presented in accordance with the 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*. Because the schedules present only a selected portion of the operations of the School District of Shiocton, they are not intended to and do not present the financial position, changes in the net assets or cash flow of the School District of Shiocton.

**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 cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District of Shiocton has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**Note 3. Special Education and School Age Parents Program:**

The 2020-2021 eligible costs under the state special education program as reported by the District are \$1,090,395. The 2021-2022 estimated aid reimbursement for this program is \$270,418.

**Note 4. Noncash Awards:**

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Instruction and transactions relating to this program are included in the District's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2021.





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

Board of Education  
School District of Shiocton  
Shiocton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Shiocton (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2021.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002 and 2021-003 to be significant deficiencies.

## **Compliance and Other Matters**

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

## **The District's Responses to Findings**

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.  
Appleton, Wisconsin  
December 15, 2021



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

Board of Education  
School District of Shiocton  
Shiocton, Wisconsin

### **Report on Compliance for Each Major Federal and State Program**

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal and State Program**

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

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *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 District's internal control over compliance.

A deficiency in internal control 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or 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. We did identify the deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-004 to be significant deficiencies.

### **The District's Response to Findings**

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan. The District's responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.  
Appleton, Wisconsin  
December 15, 2021

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2021**

**Summary of Auditor's Results:**

*Financial Statements*

Type of auditor's report issued:	Unmodified opinion
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to the financial statements?	No

*Federal Awards*

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Type of auditor's report on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

84.425	Elementary and Secondary School Emergency Relief <i>Special Education Cluster</i>
84.027	IDEA Flow Through
84.173	IDEA Preschool Entitlement

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

*State Awards*

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i> ?	No

Identification of major state programs:

255.101	Special Education and School Age Parents
255.107	General Transportation Aid
255.201	Equalization Aids
255.212	Sparsity Aid
255.945	Per Pupil Aid

Dollar threshold used to distinguish between Type A and Type B programs:	\$250,000
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**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the Year Ended June 30, 2021

**Financial Statement Findings:**

**2021-001 Lack of Adequate Segregation of Duties**

Condition: The District has a limited number of personnel that are responsible for and perform substantially all of the bookkeeping and accounting functions.

Criteria: We are required to report on whether the District has appropriate segregation of duties relating to all aspects of its bookkeeping and accounting procedures. Good internal control requires a complete separation of duties with respect to the handling and recording of transactions.

Cause: The additional costs with hiring additional support staff to achieve complete segregation of duties would outweigh the derived benefits.

Effect: Proper segregation of duties in the system of controls is not accomplished.

Identification of a

Repeat Finding: This is a repeat finding from previous audits, see 2020-001.

Recommendation: The District should continue to evaluate the cost/benefit of hiring additional support staff to achieve complete segregation of duties. The Board of Education should remain involved with review of and oversight regarding the District's financial statements and budgets.

Views of  
Responsible

Official: See District's corrective action plan.

**2021-002 Number and Type of Journal Entries**

Condition: During our audit, we identified and proposed material and nonmaterial adjustments, which were approved and posted by management.

Criteria: We are required to report a significant deficiency or material weakness if we identify a material misstatement in the financial statements that was not initially identified by the District's internal controls, even if management subsequently corrects the misstatement.

Cause: Various account balances did not have the correct balances at year end.

Effect: Various account balances needed auditor adjustments in order to produce financial statements in conformity with generally accepted accounting principles.

Identification of a

Repeat Finding: This is a repeat finding from previous audits, see 2020-002.

Recommendation: The District should attempt to post all entries prior to the start of the audit and have procedures in place to determine the proper handling of unusual and infrequent transactions.

Views of  
Responsible

Official: See District's corrective action plan.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the Year Ended June 30, 2021

**2021-003 Financial Statement Preparation**

**Condition:** The District has historically relied upon its auditors to assist in the preparation of the district-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the District's internal controls.

**Criteria:** We are required to report on whether the District is able to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting district-wide and fund financial statements, including the related footnotes.

**Cause:** The additional costs with hiring staff experienced in preparing financial statements, along with additional training time, outweigh the derived benefits.

**Effect:** Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.

Identification of a

**Repeat Finding:** This is a repeat finding from previous audits, see 2020-003.

**Recommendation:** The District should continue to evaluate the cost/benefit of outsourcing the task of preparing the financial statements to the external auditors.

Views of  
Responsible

**Official:** See District's corrective action plan.

**Federal and State Findings and Questioned Costs:**

**2021-001 Lack of Adequate Segregation of Duties**

Finding 2021-001 above also applies to federal and state programs.

**2021-004 Financial Reporting for Federal and State Awards**

**Condition:** The Uniform Guidance and the *State Single Audit Guidelines* require the District to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards.

**Criteria:** Having staff prepare the District's schedules of expenditures of federal and state awards is an internal control intended to prevent, detect and correct a potential misstatement in the schedules or accompanying notes to the schedules.

**Cause:** The District has staff with the knowledge to prepare the schedules of federal and state awards, however sufficient time was not allocated to complete the schedules.

**Effect:** The schedules of federal and state awards were not prepared by the District, instead they were prepared by the District's auditors.

**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
For the Year Ended June 30, 2021

**2021-004 Financial Reporting for Federal and State Awards - Continued**

Identification of a

Repeat Finding: This is a new finding for the 2020-2021 fiscal year.

Recommendation: The District should attempt to allocate sufficient time to complete the schedules of expenditures of federal and state awards.

Views of  
Responsible

Official: See District's corrective action plan.


**Other Issues:**

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the District's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines?  
Department of Public Instruction Yes

Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

Signature of shareholder  
Date of report

  
December 15, 2021



**SCHOOL DISTRICT OF SHIOCTON  
SHIOCTON, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2021

**Status of Prior Year Findings:**

The findings noted in the 2020 summary of auditor's results have been reported to the proper federal and state agencies.

Regarding finding 2020-001, management continues to believe the cost/benefit of hiring additional support staff to achieve proper segregation of duties is not practicable at the present time due to budget constraints.

Regarding finding 2020-002, during the current year management posted some journal entries prior to the start of the audit, but there were still several material journal entries made by the auditors during the audit.

Regarding finding 2020-003, management continues to believe the costs of hiring staff experienced in preparing financial statements, along with additional training time, outweigh the benefits.



# SCHOOL DISTRICT OF SHIOCTON

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**Nichole J. Schweitzer**  
District Administrator  
Extension 761

**Nicholas M. Ortlieb**  
Grades 7-12 Principal  
Extension 751

**Kim M. Griesbach**  
Grades PK-6 Principal  
Extension 747

**Kelly J. Thiel**  
Special Education Director  
Extension 773

## **CORRECTIVE ACTION PLAN** For the Year Ended June 30, 2021

### **2021-001 Lack of Adequate Segregation of Duties**

The District has evaluated the cost/benefit of hiring additional support staff to achieve proper segregation of duties and has determined that it is not practical due to budget constraints.

Anticipated Corrective Action Plan Completion Date: Ongoing.

### **2021-002 Number and Type of Journal Entries**

The District will attempt to make additional procedures to detect and correct misstatements in the general ledger.

Anticipated Corrective Action Plan Completion Date: Ongoing.

### **2021-003 Financial Statement Preparation**

The District has evaluated the cost/benefit of outsourcing the task of preparing the financial statements to the auditors. The District has determined that it is in the best interest of the District to continue to do so. The District will carefully review the draft of the financial statements and notes prior to approving them and accept responsibility for their content and presentation.

Anticipated Corrective Action Plan Completion Date: Ongoing.

### **2021-004 Financial Reporting for Federal and State Awards**

The District will attempt to prepare the schedules of expenditures of federal and state awards in the future.

Anticipated Corrective Action Plan Completion Date: Ongoing.

The contact person responsible for the corrective action plan is Michael Sippert, Business Manager.

**Michael Sippert**  
Business Manager  
920-986-3351 Ext. 716

*"Where Excellence is Expected"*