

# SCHOOL DISTRICT OF HARTFORD JT #1

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2021



Accounting | Analysis | Strategy | Planning

## TABLE OF CONTENTS

	Page
<b>Independent Auditor’s Report</b> .....	4-5
<b>Basic Financial Statements</b>	
Statement of Net Position .....	7
Statement of Activities.....	8
Balance Sheet – Governmental Funds.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	10
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	11
Statement of Net Position – Fiduciary Funds .....	12
Statement of Changes in Net Position – Fiduciary Funds .....	13
Notes to Financial Statements.....	14-40
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund .....	42
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Debt Service Fund .....	43
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Long-Term Capital Improvement Fund.....	44
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Capital Project Fund .....	45
Schedule of District’s Proportionate Share of the Net Pension Liability (Asset) .....	46
Schedule of District Pension Contributions.....	47

**TABLE OF CONTENTS - Continued**

Page

**Required Supplementary Information – Continued**

Schedule of Changes in District's Net OPEB Liability and Related Ratios ..... 48

Schedule of District OPEB Contributions ..... 49

Notes to Required Supplementary Information ..... 50

**Other Supplementary Information**

Combining Balance Sheet – Non-Major Governmental Funds ..... 52

Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balances – Non-Major Governmental Funds ..... 53

**Single Audit Section**

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 *Governmental Auditing Standards* ..... 55-56

Independent Auditor's Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by Uniform Guidance and the  
*State Single Audit Guidelines* ..... 57-58

Schedule of Expenditures of Federal and State Awards ..... 59

Notes to the Schedule of Expenditures of Federal and State Awards ..... 60

Schedule of Findings and Questioned Costs ..... 61-65

Schedule of Status of Prior Year Findings ..... 66

Corrective Action Plan ..... 67



## INDEPENDENT AUDITOR'S REPORT

Board of Education  
School District of Hartford Jt #1  
Hartford, 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 School District of Hartford Jt #1 ("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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Hartford Jt #1, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the budgetary comparison information and the Schedule of District's Proportionate Share of the Net Pension Liability (Asset), Schedule of District Pension Contributions, Schedule of Changes in District's Net OPEB Liability and Related Ratios, and Schedule of District OPEB Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Hartford Jt #1's basic financial statements. The combining and individual non-major fund financial statements, as listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the School District of Hartford Jt #1'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 School District of Hartford Jt #1'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 School District of Hartford Jt #1's internal control over financial reporting and compliance.

*Huberty & Associates, S.C.*

## **BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF HARTFORD JT #1  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

<u>ASSETS</u>	
Cash and investments	\$ 14,753,761
Receivables:	
Taxes	2,292,460
Prepaid expenses	228,757
Due from other governments	842,867
Post-employment benefits	207,517
Net pension asset	4,020,617
Capital Assets:	
Non-depreciable	140,950
Depreciable, net	24,036,706
Total Assets	<u>46,523,635</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Other postemployment benefits sources	129,667
Pension sources	6,266,986
Total Deferred Outflows of Resources	<u>6,396,653</u>
<u>LIABILITIES</u>	
Accounts payable	107,680
Accrued wages	1,223,833
Accrued payroll liabilities	566,687
Accrued interest payable	85,314
Noncurrent liabilities:	
Due within one year	1,131,351
Due in more than one year	7,639,898
Total Liabilities	<u>10,754,763</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable revenue	38,934
Other postemployment benefits sources	261,652
Pension sources	8,822,669
Total Deferred Inflows of Resources	<u>9,123,255</u>
<u>NET POSITION</u>	
Net investment in capital assets	15,606,648
Restricted for:	
Debt service	2,427,848
Long-term capital improvements	6,694,966
Capital projects	465,746
Special revenue contributions	147,665
Food service operations	180,554
Community programs	338,293
Pension benefits	1,464,934
Unrestricted	5,715,616
Total Net Position	<u>\$ 33,042,270</u>

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

SCHOOL DISTRICT OF HARTFORD JT #1  
STATEMENT OF ACTIVITIES  
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>Governmental Activities:</b>				
Instruction:				
Regular	\$ 12,944,578	\$ 608,540	\$ 1,948,807	\$ (10,387,231)
Vocational	4,389	171	-	(4,218)
Special education	2,310,321	-	1,106,523	(1,203,798)
Other	1,253	49	-	(1,204)
Total Instruction	<u>15,260,541</u>	<u>608,760</u>	<u>3,055,330</u>	<u>(11,596,451)</u>
Support services:				
Pupil services	584,424	-	95,683	(488,741)
Instructional staff services	1,230,993	-	229,200	(1,001,793)
Administration	2,853,326	-	-	(2,853,326)
Building and grounds	1,169,488	32,225	526,832	(610,431)
Pupil transportation	444,264	-	57,873	(386,391)
Central services	37,828	-	-	(37,828)
Food service	907,650	101,469	802,385	(3,796)
Insurance	203,293	-	33,910	(169,383)
Internal services	27,189	66,327	1,314	40,452
Community services	69,748	-	-	(69,748)
Interest	359,952	-	-	(359,952)
Depreciation - unallocated	943,582	-	-	(943,582)
Total Support services	<u>8,797,186</u>	<u>200,021</u>	<u>1,747,197</u>	<u>(6,849,968)</u>
<b>Total Governmental Activities</b>	<u>\$ 24,057,727</u>	<u>\$ 808,781</u>	<u>\$ 4,802,527</u>	<u>(18,446,419)</u>
<b>General Revenues:</b>				
Property taxes:				
General purposes				8,462,209
Debt services				1,913,575
Community service				310,094
State and federal aids not restricted to specific functions:				
General				11,802,898
Other				77,606
Interest and investment earnings				52,427
Miscellaneous				175,329
Loss on disposal of capital assets				(14,970)
Total General Revenues				<u>22,779,168</u>
<b>Change in Net Position</b>				<b>4,332,749</b>
<b>Net Position:</b>				
Beginning of year, as restated				<u>28,709,521</u>
End of year				<u>\$ 33,042,270</u>

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



SCHOOL DISTRICT OF HARTFORD JT #1  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Debt Service Fund	Long-Term Capital Improvement Trust Fund	Capital Projects Fund	Other Governmental	Total Governmental
<b>ASSETS</b>						
Cash and investments	\$ 6,114,279	\$ 2,427,848	\$ 4,994,966	\$ 465,746	\$ 750,922	\$ 14,753,761
Receivables:						
Taxes	2,292,460	-	-	-	-	2,292,460
Prepaid expenses	226,946	-	-	-	1,811	228,757
Due from other governments	823,952	-	-	-	18,915	842,867
Due from other funds	-	-	1,700,000	-	-	1,700,000
<b>Total Assets</b>	<b>9,457,637</b>	<b>2,427,848</b>	<b>6,694,966</b>	<b>465,746</b>	<b>771,648</b>	<b>19,817,845</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Post-employment benefits	207,517	-	-	-	-	207,517
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,665,154</b>	<b>\$ 2,427,848</b>	<b>\$ 6,694,966</b>	<b>\$ 465,746</b>	<b>\$ 771,648</b>	<b>\$ 20,025,362</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 85,734	\$ -	\$ -	\$ -	\$ 21,946	\$ 107,680
Accrued wages	1,188,624	-	-	-	35,209	1,223,833
Accrued payroll liabilities	559,451	-	-	-	7,236	566,687
Due to other funds	1,700,000	-	-	-	-	1,700,000
Total Liabilities	3,533,809	-	-	-	64,391	3,598,200
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	-	-	-	-	38,934	38,934
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid expenses	226,946	-	-	-	1,811	228,757
Restricted for:						
Debt service	-	2,427,848	-	-	-	2,427,848
Capital projects	-	-	6,694,966	465,746	-	7,160,712
Special revenue contributions	-	-	-	-	147,665	147,665
Food service operations	-	-	-	-	180,554	180,554
Community programs	-	-	-	-	338,293	338,293
Assigned	207,517	-	-	-	-	207,517
Unassigned	5,696,882	-	-	-	-	5,696,882
Total Fund Balances	6,131,345	2,427,848	6,694,966	465,746	668,323	16,388,228
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,665,154</b>	<b>\$ 2,427,848</b>	<b>\$ 6,694,966</b>	<b>\$ 465,746</b>	<b>\$ 771,648</b>	

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

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

Governmental capital assets	\$ 33,758,791	
Governmental accumulated depreciation	(9,581,135)	24,177,656

Long-term obligations, including bonds, notes and capital leases payable, are not due in the current period and therefore are not reported in the fund statements. Long-term obligations reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt and capital leases	(8,556,761)	
Deferred credits - unamortized premiums	(14,251)	
Accrued interest of general obligation debt	(85,314)	
Compensated absences	(200,237)	(8,856,563)

Net pension asset (liability) 4,020,617

Deferred outflows of resources (related to pensions) 6,266,986

Deferred inflows of resources (related to pensions) (8,822,669)

Deferred outflows of resources (related to other postemployment benefits) 129,667

Deferred inflows of resources (related to other postemployment benefits) (261,652)

Total Net Position - Governmental Activities **\$ 33,042,270**

SCHOOL DISTRICT OF HARTFORD JT #1  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021

	General Fund	Debt Service Fund	Long-Term Capital Improvement Trust Fund	Capital Projects Fund	Other Governmental	Total Governmental
<b>REVENUES:</b>						
Property taxes	\$ 8,462,209	\$ 1,913,575	\$ -	\$ -	\$ 310,094	\$ 10,685,878
Other local sources	149,531	1,778	4,543	523	145,524	301,899
Interdistrict sources	573,637	-	-	-	-	573,637
Intermediate sources	23,930	-	-	-	-	23,930
State sources	14,843,519	-	-	-	9,094	14,852,613
Federal sources	1,011,781	-	-	-	793,291	1,805,072
Other sources	121,850	39,468	-	-	12,645	173,963
<b>Total Revenues</b>	<b>25,186,457</b>	<b>1,954,821</b>	<b>4,543</b>	<b>523</b>	<b>1,270,648</b>	<b>28,416,992</b>
<b>EXPENDITURES:</b>						
Instruction:						
Regular	13,508,881	-	-	-	14,595	13,523,476
Vocational	4,389	-	-	-	-	4,389
Special	2,485,821	-	-	-	-	2,485,821
Other	1,253	-	-	-	-	1,253
Total Instruction	16,000,344	-	-	-	14,595	16,014,939
Support Services:						
Pupil services	618,979	-	-	-	-	618,979
Instructional staff services	1,306,426	-	-	-	-	1,306,426
Administration	2,834,671	-	-	-	200,800	3,035,471
Building and grounds	1,467,455	-	-	677,213	-	2,144,668
Pupil transportation	428,336	-	-	-	-	428,336
Central services	37,828	-	-	-	-	37,828
Food service	-	-	-	-	926,867	926,867
Insurance	203,293	-	-	-	-	203,293
Internal services	27,189	-	-	-	-	27,189
Community service	-	-	-	-	69,748	69,748
Principal and interest	24,400	1,694,463	-	-	-	1,718,863
Other support services	(34,551)	-	-	-	-	(34,551)
Total Support Services	6,914,026	1,694,463	-	677,213	1,197,415	10,483,117
<b>Total Expenditures</b>	<b>22,914,370</b>	<b>1,694,463</b>	<b>-</b>	<b>677,213</b>	<b>1,212,010</b>	<b>26,498,056</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,272,087</b>	<b>260,358</b>	<b>4,543</b>	<b>(676,690)</b>	<b>58,638</b>	<b>1,918,936</b>
<b>Other Financing Sources (Uses):</b>						
Adjustments and refunds	(11,547)	-	-	-	-	(11,547)
Transfers in (out)	(1,850,000)	-	1,700,000	-	150,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,861,547)</b>	<b>-</b>	<b>1,700,000</b>	<b>-</b>	<b>150,000</b>	<b>(11,547)</b>
<b>Net Change in Fund Balances</b>	<b>410,540</b>	<b>260,358</b>	<b>1,704,543</b>	<b>(676,690)</b>	<b>208,638</b>	<b>1,907,389</b>
<b>Fund Balances:</b>						
Beginning of year, as restated	5,720,805	2,167,490	4,990,423	1,142,436	459,685	14,480,839
End of year	\$ 6,131,345	\$ 2,427,848	\$ 6,694,966	\$ 465,746	\$ 668,323	\$ 16,388,228

**SCHOOL DISTRICT OF HARTFORD JT #1  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 1,907,389

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

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

Capital outlay reported in governmental fund statements	\$ 1,028,822	
Depreciation expense reported in the statement of activities	<u>(1,037,466)</u>	(8,644)

The district disposed of outdated assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net position as a net gain and has no effect on the governmental funds balance sheet. Proceeds from the disposal of capital assets are reported as revenue in governmental funds, however, the gain or loss is recognized in the statement of activities.

Capital assets disposed of during the year	(43,366)	
Depreciation recapture for the year	<u>28,396</u>	(14,970)

Capital leases are reported in governmental funds as an other financing source but are reported as an increase in outstanding long-term obligations in the statement of net position and does not affect the statement of activities. Lease payments are reported in the governmental funds as an expenditure but are reported as a reduction in long-term obligations in the statement of net position and does not affect the statement of activities.

Lease payments reported in the statement of net position		18,437
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Debt proceeds provide current financial resources to governmental funds; but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

Long-term debt principal payments during the year		1,330,000
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In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

Amount of interest paid on long-term obligations during the year	357,813	
Amount of interest incurred on long-term obligations during the year	<u>(353,672)</u>	4,141

Bond premiums, discounts and issue costs are reported in the governmental funds as a revenue or expenditures. In the statement of activities, these transactions are capitalized and amortized over the life of the bonds.

Amortization of bond premium		6,334
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Certain employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Net (increase) decrease in pension benefits	1,184,343	
Net (increase) decrease in compensation absences, non-elective 403(b) TSA contribution and post retirement benefits	<u>(94,281)</u>	<u>1,090,062</u>

Change in Net Position - Governmental Activities		<u>\$ 4,332,749</u>
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SCHOOL DISTRICT OF HARTFORD JT #1  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
 JUNE 30, 2021

		<u>Employee Benefit Trust Fund</u>
	<b><u>ASSETS</u></b>	
Cash and investments		<u>\$ 765,039</u>
Total Assets		765,039
	<b><u>LIABILITIES</u></b>	
Accrued liabilities		579
Total Liabilities		<u>579</u>
	<b><u>NET POSITION</u></b>	
Restricted Net Position		<u><u>\$ 764,460</u></u>

SCHOOL DISTRICT OF HARTFORD JT #1  
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2021

	<u>Employee Benefit Trust Fund</u>
<b>ADDITIONS:</b>	
Contributions	\$ 27,375
Interest and investment earnings	<u>17,387</u>
<b>Total Additions</b>	44,762
<b>DEDUCTIONS:</b>	
Trust fund disbursements	<u>334,814</u>
<b>Total Deductions</b>	<u>334,814</u>
<b>Change in Net Position</b>	(290,052)
<b>Net Position:</b>	
Beginning of year	<u>1,054,512</u>
End of year	<u><u>\$ 764,460</u></u>

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the School District of Hartford Jt #1 (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

**Reporting Entity**

The School District of Hartford Jt #1 is organized as a common school district governed by an elected five-member school board. The District operates grades four-year-old kindergarten through grade eight and is comprised of all or part of six taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements.

**Basis of Presentation**

*District-wide Statements:*

The statement of net position and the statement of activities report financial information on all non-fiduciary activities of the District. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties. The District does not operate any business-type activities.

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

*Fund Financial Statements:*

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

The District reports the following major governmental funds:

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

Debt service fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Long-term capital improvement trust fund – This fund holds funds in “trust” for future capital improvement projects of the District. No funds may be withdrawn for five years after fund creation. The fund was created during the year ended June 30, 2016. After the five year wait period is over, funds may only be used for purposes identified in the approved long-term capital improvement plan.

Capital projects fund – This fund is used for capital expenditures financed through an issuance of debt such as bonds, promissory notes, state trust fund loans, or land contracts. In some instances, capital projects in this fund may be funded through other sources of revenues such as gifts, grants, sale of capital equipment, buildings or sites.

Non-major funds include special revenue, food service, and community service.

Fiduciary funds include an employee benefit trust fund (other post-employment benefits).

**Measurement Focus and Basis of Accounting**

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash transactions take place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net positions may be available to finance the program. It is the District’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**Cash and Investments**

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

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Cash and Investments – Continued**

- Bonds or securities issued or guaranteed as to principal or interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, local professional stadium district, or local cultural arts district created under subchapter II, III, IV or V of chapter 229 of the Wisconsin statutes, or bonds issued by the University of Wisconsin Hospitals or Clinics Authority or the Wisconsin Aerospace Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is limited to bonds issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government or repurchase agreements fully collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

**Property Tax Levy**

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. All property taxes are considered due on January 1<sup>st</sup>, 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<sup>th</sup> and are available to pay current liabilities.

**Accounts Receivable**

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of probable losses determined principally on the basis of historical experience. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for doubtful accounts. As of June 30, 2021, there was no allowance for doubtful accounts.



**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Internal Receivables and Payables**

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

**Prepaid Items**

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

**Capital Assets**

*District-wide Statements:*

In the district-wide financial statements, property and equipment are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation as follows:

Land improvements	20 years
Buildings and improvements	15 - 90 years
Machinery and equipment	5 - 20 years

*Fund Financial Statements:*

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

**Fair Value Measurements**

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Fair Value Measurements – continued**

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

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

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

**Compensated Absences**

Sick leave for employees hired before July 1, 2011 accumulates for full and part-time (pro-rated) employees to a maximum of 60 days, with any previously accumulated days between 60 and 90 days grandfathered. Sick leave days in excess of the yearly allocation are subtracted from previous accumulated days until the employee reaches the 60-day threshold. Sick leave for employees hired on or after July 1, 2011 accumulates for full and part-time (pro-rated) employees to a maximum of 60 days. At the end of the school year and once an employee has accumulated a bank of 60 days, or more based on hire date, all new unused leave days (beyond 60 days) will be purchased back by the District for \$50 per day.

Vacation days are earned and vest on a variable schedule based on years of service for non-certified staff. Employees are allowed to accumulate and carry over five days to the following anniversary year.

The liability is reported on the government-wide financial statements. For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using the expendable available resources and, therefore the liability is not reported.

**Long-term Obligations**

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

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

**Non-elective 403(b) TSA contribution**

A non-elective 403(b) tax sheltered annuity employer contribution plan is offered to certain employees in administration based on years of service. The District will make payments to the plan for each administrator based on the contract or until the administrator's contract ends or is terminated. If the administrator is employed until contract end one lump-sum payment is made at the end of the contract. For this purpose, contribution payments are recognized when due and payable in accordance with the contract terms.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Pensions**

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

**Other Post-employment Benefits Other than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (revenue), information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the District's OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB plan. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows/Inflows of Resources**

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

**Equity Classifications**

*District-wide Statements:*

Net position is classified in three components. Resources are used in the following order: restricted then unrestricted.

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted net position – Consists of the net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**SCHOOL DISTRICT OF HARTFORD JT #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Equity Classifications – Continued**

*Fund Financial Statements:*

The District categorizes its fund balance into five components based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable – Amounts that cannot be spent because of their form or because they are legally or contractually required to remain intact.

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

Committed – Amounts with limitations imposed prior to the end of the period by the Board of Education and would require formal action by the Board of Education to remove.

Assigned– Amounts intended to be used and established by the highest level of decision making, a body designated for that purpose, or by an official designated for that purpose. The Board of Education has authorized the District Administrator to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

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

The District has not adopted a fund balance spend down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend down policy, accounting standards indicate that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

The Board of Education has adopted a policy that fund balance in the amount of 15% of general fund expenditures be maintained for cash flow and working capital purposes.

The minimum fund balance amount is calculated as follows:

Actual 2020 - 2021 General Fund Expenditures	\$ 22,914,370
Minimum Fund Balance %	15%
Minimum Fund Balance Amount	<u>\$ 3,437,156</u>

The District’s unassigned general fund balance of \$5,696,882 is above minimum fund balance amount.

**Estimates**

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021**

**NOTE B – NEW GASB PRONOUNCEMENTS/CHANGE IN ACCOUNTING PRINCIPLE**

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

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

To implement this standard, the District has evaluated all student activity funds and determined the proper reporting of these funds is non-fiduciary. Therefore, the District has moved these funds into the special revenue fund. The District’s net position was restated by \$63,048 to account for this change in accounting principle as of July 1, 2020.

	Governmental Activities	Donations Fund	General Fund
Fund balance/net position, beginning of year, as previously reported	\$28,646,473	\$ 51,478	\$5,711,839
Change in accounting principle	+ 63,048	+ 54,082	+ 8,966
Fund balance/net position, beginning of year, as restated	\$28,709,521	\$105,560	\$5,720,805

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

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

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

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

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021**

**NOTE C – CASH AND INVESTMENTS**

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

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

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

	Category			Total	Carrying Amount
	1	2	3		
Local and area banks	\$ 610,460	\$ 7,003,974	\$ 7,573,389	\$ 15,187,823	\$ 14,920,945
OPEB trust investments					597,491
Wisconsin Local Government Investment Pool					14
Petty cash					350
Total					\$ 15,518,800
Per statement of net position					\$ 14,753,761
Per statement of net position - fiduciary funds					
Employee benefit trust fund					765,039
Total					\$ 15,518,800

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE C – CASH AND INVESTMENTS – Continued**

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. Wisconsin statutes limit investments in securities to the top two ratings assigned. The District’s policies are designed to maximize investment earnings while protecting the security of principal and providing adequate liquidity, in accordance to state statute as listed previously. Presented below is the actual rating as of June 30, 2021 by investment type:

<u>Investment Type</u>	<u>Amount</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Bbb</u>	<u>Not Rated</u>
OPEB trust fixed income investments	\$ 280,919	\$ -	\$ 127,511	\$ 76,369	\$ 77,039	\$ -
OPEB trust mutual/ETF fund investments	86,334	-	-	-	-	86,334
OPEB trust money market/ETF fund investments	230,238	-	-	-	-	230,238
Wisconsin Investment Services Cooperative	542,580	-	-	-	-	542,580
Wisconsin Local Government Investment Pool	14	-	-	-	-	14
	<u>\$ 1,140,085</u>	<u>\$ -</u>	<u>\$ 127,511</u>	<u>\$ 76,369</u>	<u>\$ 77,039</u>	<u>\$ 859,166</u>

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

Interest rate risk– Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair value of the District’s investments to market interest rate fluctuations is provided in the following table, based on maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>0-1 Years</u>	<u>1-5 Years</u>
Corporate Bonds	<u>\$ 280,919</u>	<u>\$ 126,394</u>	<u>\$ 154,525</u>

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The SIF is not rated. Participants in the LGIP have the right to withdraw their funds in total on one day’s notice. At June 30, 2021, the fair value of the District’s share of the LGIP’s assets was substantially equal to the amount reported above.

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021**

**NOTE C – CASH AND INVESTMENTS – Continued**

Fair value measurements

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

Mutual funds are valued at the net asset value of shares held at year end.

Corporate bonds are valued using various techniques, which may consider the recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments.

U.S. government securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.

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

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

The following table sets forth by level, within the fair value hierarchy, the District’s investments at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 86,334	\$ -	\$ -	\$ 86,334
Corporate bonds	-	280,919	-	280,919
Local government investment pool	-	14	-	14
	<u>\$ 86,334</u>	<u>\$ 280,933</u>	<u>\$ -</u>	<u>\$ 367,267</u>

**NOTE D – INTERFUND RECEIVABLE AND PAYABLE**

Interfund receivable and payable balances in the fund financial statements for the year ended June 30, 2021 were as follows:

General fund owes long-term capital improvement trust fund for future projects \$ 1,700,000

Interfund transfers at June 30, 2021 were as follows:

Transfer from general fund to long-term capital improvement fund  
 to set aside funds for future capital projects \$ (1,700,000)

Transfer from general fund to food service fund to cover expenses  
 exceeding revenues \$ (150,000)



**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE E – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 140,950	\$ -	\$ -	\$ 140,950
Capital assets, depreciable:				
Land improvements	274,272	-	-	274,272
Buildings and improvements	30,950,539	939,763	-	31,890,302
Machinery and equipment	1,407,574	89,059	43,366	1,453,267
Total capital assets, depreciable	<u>32,632,385</u>	<u>1,028,822</u>	<u>43,366</u>	<u>33,617,841</u>
Less accumulated depreciation for:				
Land improvements	51,986	13,714	-	65,700
Buildings and improvements	7,767,040	882,278	-	8,649,318
Machinery and equipment	753,039	141,474	28,396	866,117
Total accumulated depreciation	<u>8,572,065</u>	<u>1,037,466</u>	<u>28,396</u>	<u>9,581,135</u>
Total capital assets, depreciable, net	<u>24,060,320</u>	<u>(8,644)</u>	<u>14,970</u>	<u>24,036,706</u>
	<u>\$ 24,201,270</u>	<u>\$ (8,644)</u>	<u>\$ 14,970</u>	<u>\$ 24,177,656</u>

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

<b>Governmental activities:</b>	
Regular instruction	\$ 15,076
Administration	44,295
Building and grounds	8,182
Pupil transportation	15,928
Food service	10,403
Unallocated	943,582
	<u>\$ 1,037,466</u>

Assets acquired through capital leases are as follows:

Machinery and equipment	\$ 71,565
Less accumulated depreciation	42,939
	<u>\$ 28,626</u>

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE F – SHORT-TERM OBLIGATIONS**

Annually, the District obtains short-term financing in advance of property tax collections and state aid. The short-term financing is needed because District payments for expenses for the year begin in July whereas the final tax collection is received from the County the following year in August and state aid disbursements begin in December.

Short-term debt activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving Line of Credit	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -

The \$2,500,000 line of credit bears interest at fixed rate of 1.5% and matures on November 1, 2021. Total interest paid on short-term obligations for the year ended June 30, 2021 was \$3,333.

**NOTE G – LONG-TERM OBLIGATIONS**

Long-term debt activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental activities:</b>					
Direct Placement					
Bonds	\$ 7,965,000	\$ -	\$ 685,000	\$ 7,280,000	\$ 860,000
Promissory note	1,900,000	-	645,000	1,255,000	245,000
	<u>9,865,000</u>	<u>-</u>	<u>1,330,000</u>	<u>8,535,000</u>	<u>1,105,000</u>
Capital leases	40,198	-	18,437	21,761	20,017
Premiums	20,585	-	6,334	14,251	6,334
Compensated absences	209,471	83,939	93,173	200,237	-
	<u>\$ 10,135,254</u>	<u>\$ 83,939</u>	<u>\$ 1,447,944</u>	<u>\$ 8,771,249</u>	<u>\$ 1,131,351</u>

Total interest paid during the year on long-term obligations total \$357,813, net of recorded interest rebates.

The full faith, credit, and taxing powers of the District secure all general obligation debt. General obligation debt is comprised of the following individual issues:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance
Qualified School Construction notes	11/17/09	09/15/19	0.00%	500,000	\$ -
Qualified Energy Conservation bonds	05/03/11	04/01/26	5.55%	2,295,000	1,195,000
Refunding bonds	01/10/12	04/01/24	2.50%	290,000	290,000
Taxable refunding bonds	01/10/12	04/01/23	0.50 - 3.35%	1,540,000	300,000
Promissory Construction note	11/01/16	10/01/26	1.50 - 2.00%	4,955,000	1,255,000
School Improvement and Building bonds	03/12/19	10/01/34	3.00 - 3.50%	5,495,000	5,495,000
					<u>\$ 8,535,000</u>

**Qualified Energy Conservation Bonds**

The \$2,295,000 general obligation bonds issued on May 3, 2011 are Qualified Energy Conservation Bonds, as described in Section 54De1 of the Internal Revenue Code. The interest on debt is taxable as set forth in the regulations. The district is eligible to receive a 70% subsidy of the annual interest payment from the federal government. In order to receive this subsidy, it is necessary for the District to file a claim annually.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE G – LONG-TERM OBLIGATIONS – Continued**

Qualified School Construction Notes

The general obligation notes issued on November 17, 2009 are Qualified School Construction Notes, as described in Section 54Fd of the Internal Revenue Code. The interest on debt is taxable as set forth in the regulations. The district pays 0% interest on the notes.

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,907,757,702. The legal debt limit and margin of indebtedness as of June 30, 2021 in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (5% of \$1,907,757,702)	\$ 95,387,885
Deduct long-term debt applicable to debt margin (less available for debt service)	<u>6,107,152</u>
Margin of indebtedness	<u><u>\$ 89,280,733</u></u>

Aggregate cash flow requirements for retirement of long-term principal and interest on notes and bonds as of June 30, 2021 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,105,000	\$ 341,253	\$ 1,446,253
2023	1,045,000	320,751	1,365,751
2024	970,000	299,815	1,269,815
2025	700,000	279,472	979,472
2026	715,000	264,222	979,222
2027-2031	2,500,000	451,250	2,951,250
2032-2034	1,500,000	90,000	1,590,000
	<u><u>\$ 8,535,000</u></u>	<u><u>\$ 2,046,763</u></u>	<u><u>\$ 10,581,763</u></u>

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

The District is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The following is a schedule of the minimum lease payments required under the lease agreements together with their present value:

<u>Year Ended June 30</u>	
2022	\$ 21,067
2023	<u>1,755</u>
Total minimum lease payments	22,822
Less: amount representing interest	<u>1,061</u>
Present value of minimum lease payments	<u><u>\$ 21,761</u></u>

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE H – PENSION PLAN**

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE H – PENSION PLAN – Continued**

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2011	(1.2)%	11.0%
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	(5.0)%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	(10.0)%
2020	1.7%	21.0%

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

During the reporting period, the WRS recognized \$705,912 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE H – PENSION PLAN – Continued**

***Pension liabilities, pension expense (revenue), and deferred outflows of resources and deferred inflows of resources related to pensions.*** At June 30, 2021, the District reported a liability (asset) of (\$4,020,617) 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 0.06440058%, which was a decrease of 0.00123131% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of (\$442,057).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 5,819,068	\$ (1,253,416)
Changes in assumptions	91,195	-
Net difference between projected and actual earnings on pension plan investments	-	(7,548,382)
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,015	(20,871)
Employer contributions subsequent to the measurement date	351,708	-
	<u>\$ 6,266,986</u>	<u>\$ (8,822,669)</u>

\$351,708 reported as deferred outflows of resources related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	Deferred Outflow of Resources	Deferred Inflows of Resources
2021	\$ 3,735,358	\$ (4,480,764)
2022	3,159,197	(3,366,042)
2023	1,388,124	(2,761,079)
2024	578,523	(1,160,708)

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE H – PENSION PLAN – Continued**

**Actuarial assumptions.** The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2019
Measurement date of net pension liability (asset)	December 31, 2020
Actuarial cost method	Entry age normal
Asset valuation method	Fair market value
Long-term expected rate of return	7.0%
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. Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from December 31, 2019 actuarial valuation.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE H – PENSION PLAN – Continued**

**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:

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

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

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

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

**Single Discount rate.** A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid.



**SCHOOL DISTRICT OF HARTFORD JT #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021**

**NOTE H – PENSION PLAN – Continued**

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, 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)	\$ 3,827,070	\$ (4,020,617)	\$ (9,784,686)

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

**Payables to the pension plan.** The District reported a payable of \$199,626 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2021.

**NOTE I – OTHER POST EMPLOYMENT BENEFITS**

**Plan description.** The Plan is a single-employer defined benefit post-employment health and dental plan that covers retired employees of the District. Eligible retired employees have access to group medical and dental coverage through the District’s group plans. All employees of the District are eligible for the Plan if they meet the following age and service requirements.

**Benefits provided.**

Administrators, Administrative Assistants & Teachers

Hired prior to July 1, 2007 and retired prior to June 30, 2018; at least age 55 with a minimum of 15 years of service; the District will make contributions on behalf of a retiree’s medical premiums for a period of five years. These contributions will not exceed the contribution amount made in the retiree’s final year of employment and shall not exceed an annual maximum of \$8,000 for single coverage (\$40,000 over five years) or \$18,000 for family coverage (\$90,000 over five years). In addition, (for administrators and teachers only) the District shall contribute the full amount (100%) of retiree’s dental insurance for a period of five years.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE I – OTHER POST EMPLOYMENT BENEFITS – Continued**

***Benefits provided.*** – Continued

Administrators, Administrative Assistants & Teachers – Continued

Retiring after July 1, 2018 and before June 30, 2024; upon retirement; full time employees as of July 1, 2011 will be allowed to “buy in” to the District’s Health Insurance plan using their HRA dollars until June 30, 2029 or reaching Medicare-eligibility. Upon a retiree reaching age 65 whose spouse has not yet reached Medicare-eligibility, the retiree will be allowed to purchase a “Medicare + 1 Family Plan” on the District’s group health insurance until their spouse reaches age 65, or June 30, 2029, whichever occurs first.

In addition, for administrators and teachers hired prior to July 1, 2007, upon retirement being at least age 55 with a minimum of 15 years of full-time service, the District shall contribute the full amount (100%) of the retiree’s dental insurance for a period of 5 years.

*Note:*

*One administrator (hired prior to July 1, 2007) was eligible for the medical insurance benefit. All other administrators have individual provisions in their contracts for non-elective 403(b) contributions made during active years of service. All Administrators hired post July 1, 2007 do not have any post-employment medical benefit in their contract.*

District Administrator

Upon retirement with at least 8 years of service; the District will make contributions on behalf the retiree’s medical premiums for a period of 12 months. These contributions will be in the same amount as is provided to active Administrators. Upon exhaustion of the District-provided benefit, the retiree may choose to self-pay to remain on the District’s medical plan only for the duration of COBRA. In addition, the District shall contribute the same dental insurance benefits and provisions as is provided to active Administrators for a period of five years.

Support Staff

Hired prior to July 1, 2007 and retire prior to June 30, 2018; at least age 60 with a minimum of 15 years of service; the District will make contributions on behalf of a retiree’s medical premiums for a period of five years. These contributions will not exceed the contribution amount made in the retiree’s final year of employment and shall not exceed an annual maximum of \$8,000 for single coverage (\$40,000 over five years) or \$18,000 for family coverage (\$90,000 over five years).

Retiring after July 1, 2018 and before June 30, 2024; upon retirement; full time employees as of July 1, 2011, will be allowed to “buy in” to the District’s Health Insurance plan using their HRA dollars until June 30, 2029 or reaching Medicare-eligibility. Upon a retiree reaching age 65 whose spouse has not yet reached Medicare-eligibility, the retiree will be allowed to purchase a “Medicare + 1 Family Plan” on the District’s group health insurance until their spouse reaches age 65, or June 30, 2029, whichever occurs first.

*Note:*

*Support staff retired prior to June 30, 2011 – Eligible retirees shall receive five years of continued medical insurance and six years of continued dental and life insurance subsidized by the District.*

**SCHOOL DISTRICT OF HARTFORD JT #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021**

**NOTE I – OTHER POST EMPLOYMENT BENEFITS – Continued**

***Benefits provided.*** – Continued

The District provides eligible retirees who are eligible for and receiving District-provided contributions towards continued coverage with HRA contributions to use towards a portion of the health plan’s high deductible. Contributions will be in an amount of \$1,000 for single and \$2,000 for family coverage, with the possibility to earn an additional \$700 for single and \$1,400 for family if meeting certain wellness criteria. It was assumed that half of those eligible for this benefit (i.e., 50%) would meet the criteria to receive the additional contribution amounts.

Administrators, administrative assistants, teachers, and support staff hired after July 1, 2007 who are eligible for the District’s health insurance benefit at the time of retirement will receive a 403(b) benefit that is funded and deposited into the employee’s account with each year of active service (Immediate 100% vesting for administrators, administrative assistants, and teachers). That benefit will begin with a \$3,000 non-elective contribution at the end of the 5th year of service, and \$1,000 at the end of the 6th year and each year thereafter.

In addition, the District shall provide the District Administrator with a monthly non-elective 403(b) contribution of 10% of the administrator salary based on the salary noted within their contract. The District will make the payment in twelve equal monthly installments as an annual employer paid contribution to the 403(b) during active years of service. The total non-elective 403(b) may not exceed the maximum permitted by law.

These benefits are funded annually (in the year earned) into an irrevocable account designated for the identified employees. Thus, such benefits are considered to be accounted for as actively-funded benefits and are not included in this post-employment valuation.

***Employees covered by benefit terms.*** Plan membership consisted of the following as of June 30, 2020, the date of the latest actuarial valuation:

Active plan members - fully eligible	24
Active plan members - not fully eligible	97
Retired plan members - eligible	<u>33</u>
Total	<u><u>154</u></u>

***Contributions.*** The District contributes funds to an irrevocable trust and its account at such time and in such amounts as determined by the District in its sole discretion. The Trustee shall not be responsible for the calculation or collection of contributions by the District. Contributions shall be held for the sole purpose of providing funds for the payment of the District’s obligations under the Plan.

**SCHOOL DISTRICT OF HARTFORD JT #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021**

**NOTE I – OTHER POST EMPLOYMENT BENEFITS – Continued**

**Net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB.** At June 30, 2021, the District reported a total OPEB liability of \$846,995, a fiduciary net position of \$1,054,512, resulting in a net OPEB liability (asset) of \$(207,517). The net OPEB liability (asset) was measured as of June 30, 2020, determined by an actuarial valuation as of that date. For the year ended June 30, 2021, the District recognized OPEB expense of (\$3,821) at June 30, 2021. The District reported deferred outflows of the resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 252,666
Changes in assumptions or other input	102,292	
Net difference between projected and actual earnings on plan investments	-	8,986
District contributions subsequent to the measurement date	<u>27,375</u>	<u>-</u>
	<u>\$ 129,667</u>	<u>\$ 261,652</u>

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	
2021	\$ (40,858)
2022	(32,399)
2023	(33,563)
2024	(12,346)
2025	(13,625)
Thereafter	(26,569)

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE I – OTHER POST EMPLOYMENT BENEFITS – Continued**

***Changes in the OPEB Liability.***

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at beginning of year	\$ 1,130,848	\$ 1,272,920	\$ (142,072)
Changes for the year:			
Service cost	18,375	-	18,375
Interest	35,488	-	35,488
Changes of benefit terms	23,312	-	23,312
Differences between expected and actual experience	(109,712)	-	(109,712)
Changes of assumptions or other input	844	-	844
Net investment income	-	33,752	(33,752)
Benefit payments	(252,160)	(252,160)	-
Net changes	<u>(283,853)</u>	<u>(218,408)</u>	<u>(65,445)</u>
Balance at end of year	<u>\$ 846,995</u>	<u>\$ 1,054,512</u>	<u>\$ (207,517)</u>

The Plan's benefit terms have changed since the prior valuation, therefore a change in benefit terms was calculated which caused an increase in total OPEB liability. Specifically, the District provides both continued medical and dental insurance on behalf of the District Administrator in retirement.

Differences between expected and actual experience resulted in a decrease in the total OPEB liability. Changes of assumptions or other inputs resulted in an increase in the total OPEB liability. These changes included updated WRS decrement assumptions, assumed discount rate and assumed medical trend. The increase in deferred inflow and outflow of resources from these two sources, respectively, is to be recognized over the average of the expected remaining service lives of active and inactive plan members. The Plan has an average expected remaining service life of 8 years.

The net difference between projected and actual earnings on OPEB plan investments resulted in an actuarial loss due to earnings being less than expected. This loss is to be recognized as an outflow of resources over five-year period.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE I – OTHER POST EMPLOYMENT BENEFITS – Continued**

**Actuarial assumptions.** The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	June 30, 2020
Measurement date of net OPEB liability	June 30, 2020
Reporting date	June 30, 2021
Actuarial cost method	Entry age normal - level % of salary
Discount rate	2.25%
Inflation rate	2.0%
Medical care trend	6.5% decreasing by 0.1% per year down to 5.0%, and level thereafter
Mortality	Wisconsin 2018 Mortality Table
Actuarial Assumptions	Based on experience study conducted in 2018 using WRS experience from 2015-17
Discount rate based on	All years of projected payments discounted at a long-term expected rate of return of 2.25%

**Sensitivity of the District's net OPEB liability to changes in the discount rate.** The following presents the District's net OPEB liability calculated using the discount rate of 2.25%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB liability	\$ 860,659	\$ 846,995	\$ 833,124
Fiduciary Net Position	1,054,512	1,054,512	1,054,512
Net OPEB Liability (Asset)	\$ (193,853)	\$ (207,517)	\$ (221,388)

**Sensitivity of the District's net OPEB liability to changes in the healthcare cost trend rate.** The following presents the District's net OPEB liability calculated using the discount rate of 6.5% for medical and 5.00% for dental, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50% and 4.00%) or 1-percentage-point higher (7.50% and 6.00%) than the current rate:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB Liability	\$ 829,527	\$ 846,995	\$ 865,630
Fiduciary Net Position	1,054,512	1,054,512	1,054,512
Net OPEB Liability (Asset)	\$ (224,985)	\$ (207,517)	\$ (188,882)

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE J – OPERATING LEASE, AS LESSEE**

The District, as a lessee, also leases three classrooms under three operating leases which all require payments twice a year for a total of \$28,882. Rentals, excluding short term rentals, amounted to \$31,777 for the year ended June 30, 2021.

**NOTE K – 403(b) EMPLOYEES SAVINGS PLAN**

The District has a 403(b) Employees Savings Plan. Every District employee is eligible to participate in the plan, with the exception of (a) non-resident aliens, (b) those who do not have sufficient income to be eligible to contribute at least \$200 per year or (c) students/student-teachers. The District does not make any matching contributions. However, the plan may make discretionary contributions, which there were none made in 2021.

**NOTE L – COMMITMENTS AND CONTINGENCIES**

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

**NOTE M – LIMITATIONS 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 need 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 a referendum prior to August 12, 1993.

A referendum on or after August 12, 1993.

**NOTE N – RISK MANAGEMENT AND UNCERTAINTIES**

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

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE O- SUBSEQUENT EVENTS**

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 14, 2021, the date on which the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2021

	General Operations				Special Education				Total	
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final				
<b>REVENUES:</b>										
Property taxes	\$ 8,463,349	\$ 8,463,349	\$ 8,462,209	\$ (1,140)	\$ -	\$ -	\$ -	\$ -	\$ 8,462,209	\$ (1,140)
Other local sources	147,000	147,000	149,531	2,531	-	-	-	-	149,531	2,531
Interdistrict sources	602,750	602,750	572,222	(30,528)	-	-	1,415	1,415	573,637	(29,113)
Intermediate sources	-	-	5,740	5,740	-	-	18,190	18,190	23,930	23,930
State sources	13,954,237	13,954,237	14,015,755	61,518	798,787	798,787	827,764	28,977	14,843,519	90,495
Federal sources	412,368	412,368	441,410	29,042	571,558	571,558	570,371	(1,187)	1,011,781	27,855
Other sources	20,000	20,000	121,848	101,848	-	-	2	2	121,850	101,850
<b>Total Revenues</b>	<b>23,599,704</b>	<b>23,599,704</b>	<b>23,768,715</b>	<b>169,011</b>	<b>1,370,345</b>	<b>1,370,345</b>	<b>1,417,742</b>	<b>47,397</b>	<b>25,186,457</b>	<b>216,408</b>
<b>EXPENDITURES:</b>										
Instruction:										
Regular	13,858,958	13,858,958	13,448,207	410,751	20,200	20,200	60,674	(40,474)	13,508,881	370,277
Vocational	6,000	6,000	4,389	1,611	-	-	-	-	4,389	1,611
Special	500	500	390	110	2,759,892	2,759,892	2,485,431	274,461	2,485,821	274,571
Other	2,600	2,600	1,253	1,347	-	-	-	-	1,253	1,347
Total Instruction	13,868,058	13,868,058	13,454,239	413,819	2,780,092	2,780,092	2,546,105	233,987	16,000,344	647,806
Support Services:										
Pupil services	325,902	325,902	276,941	48,961	343,667	343,667	342,038	1,629	618,979	50,590
Instructional staff services	656,043	656,043	987,663	(331,620)	350,081	350,081	318,763	31,318	1,306,426	(300,302)
Administration	2,751,297	2,751,297	2,792,972	(41,675)	4,160	4,160	41,699	(37,539)	2,834,671	(79,214)
Building and grounds	2,019,688	2,019,688	1,467,455	552,233	-	-	-	-	1,467,455	552,233
Pupil transportation	787,787	787,787	340,204	447,583	200,000	200,000	88,132	111,868	428,336	559,451
Central services	28,725	28,725	37,828	(9,103)	-	-	-	-	37,828	(9,103)
Insurance	203,000	203,000	203,293	(293)	-	-	-	-	203,293	(293)
Principal and interest	15,000	15,000	24,400	(9,400)	-	-	-	-	24,400	(9,400)
Internal services	25,500	25,500	27,189	(1,689)	-	-	-	-	27,189	(1,689)
Other support services	60,000	60,000	(34,551)	94,551	-	-	-	-	(34,551)	94,551
Total Support Services	6,872,942	6,872,942	6,123,394	749,548	897,908	897,908	790,632	107,276	6,914,026	856,824
<b>Total Expenditures</b>	<b>20,741,000</b>	<b>20,741,000</b>	<b>19,577,633</b>	<b>1,163,367</b>	<b>3,678,000</b>	<b>3,678,000</b>	<b>3,336,737</b>	<b>341,263</b>	<b>22,914,370</b>	<b>1,504,630</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,858,704</b>	<b>2,858,704</b>	<b>4,191,082</b>	<b>1,332,378</b>	<b>(2,307,655)</b>	<b>(2,307,655)</b>	<b>(1,918,995)</b>	<b>388,660</b>	<b>2,272,087</b>	<b>1,721,038</b>
<b>Other Financing Sources (Uses):</b>										
Transfer to special education fund	(2,307,655)	(2,307,655)	(1,918,995)	388,660	-	-	-	-	(1,918,995)	388,660
Transfer to capital projects fund	(551,049)	(551,049)	(1,700,000)	(1,148,951)	-	-	-	-	(1,700,000)	(1,148,951)
Transfer to food service fund	-	-	(150,000)	(150,000)	-	-	-	-	(150,000)	(150,000)
Transfer from general operations	-	-	-	-	2,307,655	2,307,655	1,918,995	(388,660)	1,918,995	(388,660)
Adjustments and refunds	-	-	(11,547)	(11,547)	-	-	-	-	(11,547)	(11,547)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,858,704)</b>	<b>(2,858,704)</b>	<b>(3,780,542)</b>	<b>(921,838)</b>	<b>2,307,655</b>	<b>2,307,655</b>	<b>1,918,995</b>	<b>(388,660)</b>	<b>(1,861,547)</b>	<b>(1,310,498)</b>
<b>Net Change In Fund Balance</b>	<b>-</b>	<b>-</b>	<b>410,540</b>	<b>410,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>410,540</b>	<b>410,540</b>
<b>Fund Balances:</b>										
Beginning of year, as restated	5,720,805	5,720,805	5,720,805	-	-	-	-	-	5,720,805	-
End of year	\$ 5,720,805	\$ 5,720,805	\$ 6,131,345	\$ 410,540	\$ -	\$ -	\$ -	\$ -	\$ 6,131,345	\$ 410,540

SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,913,575	\$ 1,913,575	\$ 1,913,575	\$ -
Other local sources	-	-	1,778	1,778
Other sources	-	-	39,468	39,468
<b>Total Revenues</b>	<u>1,913,575</u>	<u>1,913,575</u>	<u>1,954,821</u>	<u>41,246</u>
<b>EXPENDITURES:</b>				
Support Services:				
Principal and interest	<u>1,687,815</u>	<u>1,687,815</u>	<u>1,694,463</u>	<u>(6,648)</u>
Total Support Services	<u>1,687,815</u>	<u>1,687,815</u>	<u>1,694,463</u>	<u>(6,648)</u>
<b>Total Expenditures</b>	<u>1,687,815</u>	<u>1,687,815</u>	<u>1,694,463</u>	<u>(6,648)</u>
<b>Net Change in Fund Balance</b>	225,760	225,760	260,358	34,598
<b>Fund Balances:</b>				
Beginning of year	<u>2,167,490</u>	<u>2,167,490</u>	<u>2,167,490</u>	<u>-</u>
End of year	<u>\$ 2,393,250</u>	<u>\$ 2,393,250</u>	<u>\$ 2,427,848</u>	<u>\$ 34,598</u>

SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL  
LONG-TERM CAPITAL IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Other local sources	\$ 10,000	\$ 10,000	\$ 4,543	\$ (5,457)
<b>Total Revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>4,543</u>	<u>(5,457)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from general operations	<u>551,049</u>	<u>551,049</u>	<u>1,700,000</u>	<u>1,148,951</u>
<b>Net Change in Fund Balance</b>	<u>561,049</u>	<u>561,049</u>	<u>1,704,543</u>	<u>1,143,494</u>
<b>Fund Balances:</b>				
Beginning of year, as restated	<u>4,990,423</u>	<u>4,990,423</u>	<u>4,990,423</u>	<u>-</u>
End of year	<u>\$ 5,551,472</u>	<u>\$ 5,551,472</u>	<u>\$ 6,694,966</u>	<u>\$ 1,143,494</u>

SCHOOL DISTRICT OF HARTFORD JT #1  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL  
 CAPITAL PROJECT FUND  
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Other local sources	\$ -	\$ -	\$ 523	\$ 523
<b>Total Revenues</b>	-	-	523	523
<b>EXPENDITURES:</b>				
Support Services:				
Building and grounds	1,073,496	1,073,496	677,213	396,283
Total Support Services	1,073,496	1,073,496	677,213	396,283
<b>Total Expenditures</b>	1,073,496	1,073,496	677,213	396,283
<b>Net Change in Fund Balance</b>	(1,073,496)	(1,073,496)	(676,690)	396,806
<b>Fund Balances:</b>				
Beginning of year	1,142,436	1,142,436	1,142,436	-
End of year	\$ 68,940	\$ 68,940	\$ 465,746	\$ 396,806

**SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM - LAST 10 FISCAL YEARS \*  
JUNE 30, 2021 \*\***

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
District's proportion of the net pension liability (asset)	0.06440058%	0.06563189%	0.06673422%	0.06761818%	0.06940850%
District's proportionate share of the net pension liability (asset)	\$ (4,020,617)	\$ (2,116,271)	\$ 2,374,194	\$ (2,007,664)	\$ 572,092
District's covered-employee payroll	\$ 10,457,955	\$ 10,391,266	\$ 10,119,138	\$ 9,826,625	\$ 9,871,887
District's collective net pension liability (asset) as a percentage of the employer's covered-employee payroll	-38.45%	-20.37%	23.46%	-20.43%	5.80%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.26%	102.96%	96.45%	102.93%	99.12%
	<u>12/31/2015</u>	<u>12/31/2014</u>			
District's proportion of the net pension liability (asset)	0.06920717%	0.06938779%			
District's proportionate share of the net pension liability (asset)	\$ 1,124,603	\$ (1,704,354)			
District's covered-employee payroll	\$ 9,723,437	\$ 10,000,577			
District's collective net pension liability (asset) as a percentage of the employer's covered-employee payroll	11.57%	-17.04%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.20%	102.74%			

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

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM - LAST 10 FISCAL YEARS \*  
JUNE 30, 2021 \*\***

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Contractually required contributions	\$ 705,912	\$ 680,627	\$ 677,982	\$ 668,468	\$ 651,544
Contributions in relation to the contractually required contributions	(705,912)	(680,627)	(677,982)	(668,468)	(651,544)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 10,457,955	\$ 10,391,266	\$ 10,119,138	\$ 9,826,625	\$ 9,871,887
Contributions as a percentage of covered-employee payroll	6.75%	6.55%	6.70%	6.80%	6.60%
	<u>6/30/2016</u>	<u>6/30/2015</u>			
Contractually required contributions	\$ 661,194	\$ 700,040			
Contributions in relation to the contractually required contributions	(661,194)	(700,040)			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
District's covered-employee payroll	\$ 9,723,437	\$ 10,000,577			
Contributions as a percentage of covered-employee payroll	6.80%	7.00%			

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

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF CHANGES IN DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS \*  
YEAR ENDED JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 18,375	\$ 17,069	\$ 211,094	\$ 228,716	\$ 228,716
Interest	35,488	48,722	187,143	169,491	176,577
Changes of benefit terms	23,312	-	(3,852,384)	-	-
Differences between expected and actual experience	(109,712)	-	(235,001)	-	-
Changes of assumptions or other input	844	6,074	228,767	(129,924)	-
Benefit payments	(252,160)	(463,486)	(517,115)	(607,328)	(675,642)
Net change in total OPEB liability	(283,853)	(391,621)	(3,977,496)	(339,045)	(270,349)
Total OPEB liability - beginning	1,130,848	1,522,469	5,499,965	5,839,010	6,109,359
<b>Total OPEB liability - ending (a)</b>	<u>846,995</u>	<u>1,130,848</u>	<u>1,522,469</u>	<u>5,499,965</u>	<u>5,839,010</u>
<b>Fiduciary Net Position</b>					
Contributions - Employer	-	-	231,464	234,331	1,499,271
Net investment income	33,752	67,190	189,197	212,961	95,634
Benefit payments	(252,160)	(463,486)	(517,115)	(607,328)	(675,642)
Transfer	-	-	(3,949,611)	-	-
Net change in fiduciary net position	(218,408)	(396,296)	(4,046,065)	(160,036)	919,263
Fiduciary net position - beginning	1,272,920	1,669,216	5,715,281	5,875,317	4,956,054
<b>Fiduciary net position - ending (b)</b>	<u>1,054,512</u>	<u>1,272,920</u>	<u>1,669,216</u>	<u>5,715,281</u>	<u>5,875,317</u>
<b>Net OPEB liability - ending (a) - (b)</b>	<u>\$ (207,517)</u>	<u>\$ (142,072)</u>	<u>\$ (146,747)</u>	<u>\$ (215,316)</u>	<u>\$ (36,307)</u>
Fiduciary net position as a percentage of the total OPEB liability	124.50%	112.56%	109.64%	103.91%	100.62%
Covered-employee payroll	\$ 9,280,608	\$ 9,161,898	\$ 9,161,898	\$ 5,068,956	\$ 5,068,956
Net OPEB liability as a percentage of covered-employee payroll	-2.24%	-1.55%	-1.60%	-4.25%	-0.72%

\* This schedule is presented to illustrate the requirements to show information for 10 years. Information prior to June 30, 2016 is not available.



**SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
LAST 10 FISCAL YEARS \*  
JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 3,361	\$ 3,361	\$ 241,361	\$ 234,331	\$ 734,556
Contributions in relation to the actuarially determined contribution	-	-	(231,464)	(234,331)	1,499,271
Contribution deficiency (excess)	<u>\$ 3,361</u>	<u>\$ 3,361</u>	<u>\$ 9,897</u>	<u>\$ -</u>	<u>\$ (764,715)</u>
Covered-employee payroll	\$ 9,280,608	\$ 9,161,898	\$ 9,161,898	\$ 5,068,956	\$ 5,068,956
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	2.53%	4.62%	29.58%

Methods and assumptions used to calculate actuarially determined contribution:

Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	Market value	Market value	Market value	Market value	Market value
Amortization method	11 year level %	11 year level %	30 year level %	30 year level %	5 year level %
Discount rate	3.75%	3.75%	3.00%	3.00%	4.00%
Amortization growth rate	3.00%	3.00%	3.00%	3.00%	3.00%
Inflation	2.50%	2.50%	2.50%	2.50%	3.00%
Valuation date	6/30/2018	6/30/2018	6/30/2016	6/30/2016	7/1/2014

\* This schedule is presented to illustrate the requirements to show information for 10 years. Information prior to June 30, 2016 is not available.

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**NOTE A – SUMMARY OF PENSION CHANGES**

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

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

**NOTE B – SUMMARY OF OPEB CHANGES**

**Changes of benefit terms.** The plan's benefit terms have changed since the prior valuation, therefore a change in benefit terms was calculated which caused an increase in the total OPEB liability. Specifically, the District provides both continued medical and dental insurance on behalf of the District Administrator in retirement.

**Changes of assumptions.** Changes of assumptions or other inputs included updated WRS decrement assumptions, assumed discount rate, and assumed medical trend.

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

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

Debt service fund	\$	6,648
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**OTHER SUPPLEMENTARY INFORMATION**

SCHOOL DISTRICT OF HARTFORD JT #1  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2021

<u>ASSETS</u>	Special Revenue Fund	Food Service Fund	Community Service Fund	Total Non-Major Governmental Funds
Cash	\$ 147,665	\$ 248,395	\$ 354,862	\$ 750,922
Prepays	-	1,811	-	1,811
Due from other governments	-	18,915	-	18,915
<b>Total Assets</b>	<b>\$ 147,665</b>	<b>\$ 269,121</b>	<b>\$ 354,862</b>	<b>\$ 771,648</b>
<u>LIABILITIES</u>				
Accounts payable	-	\$ 21,946	-	\$ 21,946
Accrued wages	-	21,540	13,669	35,209
Accrued payroll liabilities	-	4,336	2,900	7,236
Total Liabilities	-	47,822	16,569	64,391
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues	-	38,934	-	38,934
<u>FUND BALANCES</u>				
Non-spendable	-	1,811	-	1,811
Restricted	147,665	180,554	338,293	666,512
Total Fund Balances	147,665	182,365	338,293	668,323
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 147,665</b>	<b>\$ 269,121</b>	<b>\$ 354,862</b>	<b>\$ 771,648</b>

SCHOOL DISTRICT OF HARTFORD JT #1

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

	Special Revenue Fund	Food Service Fund	Community Service Fund	Total Non-Major Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 310,094	\$ 310,094
Other local sources	44,055	101,469	-	145,524
State sources	-	9,094	-	9,094
Federal sources	-	793,291	-	793,291
Other sources	12,645	-	-	12,645
<b>Total Revenues</b>	<u>56,700</u>	<u>903,854</u>	<u>310,094</u>	<u>1,270,648</u>
<b>EXPENDITURES:</b>				
Instruction:				
Regular instruction	14,595	-	-	14,595
Total instruction	<u>14,595</u>	<u>-</u>	<u>-</u>	<u>14,595</u>
Support Services:				
Administration	-	-	200,800	200,800
Community service	-	-	69,748	69,748
Food service	-	926,867	-	926,867
Total support services	<u>-</u>	<u>926,867</u>	<u>270,548</u>	<u>1,197,415</u>
<b>Total Expenditures</b>	<u>14,595</u>	<u>926,867</u>	<u>270,548</u>	<u>1,212,010</u>
<b>Other Financing Sources</b>				
Transfer from general fund	-	150,000	-	150,000
<b>Total Other Financing Sources</b>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>Net Change in Fund Balances</b>	42,105	126,987	39,546	208,638
<b>Fund Balances:</b>				
Beginning of year	105,560	55,378	298,747	459,685
End of year	<u>\$ 147,665</u>	<u>\$ 182,365</u>	<u>\$ 338,293</u>	<u>\$ 668,323</u>

**SINGLE AUDIT SECTION**



**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 Hartford Jt #1  
Hartford, 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 Hartford Jt #1 ("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 14, 2021.

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

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **School District of Hartford Jt #1's Response to Findings**

We noted certain matters that we reported to management of the District in a separate letter dated December 14, 2021.

The School District of Hartford Jt #1's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Huberty & Associates, S.C.*

Fond du Lac, Wisconsin  
December 14, 2021





**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 Hartford Jt #1  
Hartford, Wisconsin

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

We have audited the School District of Hartford Jt #1's (the "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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance, and the *State Single Audit 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 Programs**

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 and 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 over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be significant deficiencies.

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

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.

*Huberty & Associates, S.C.*

Fond du Lac, Wisconsin  
December 14, 2021

SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2021

Federal or State Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number/ State Id Number	Pass- Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/2020	Grantor Reimbursements	Accrued (Deferred) Revenue 6/30/2021	Expenditures	Passed Through to Subrecipients
<b>Federal Programs:</b>							
U.S. Department of Agriculture							
Passed through Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
School Breakfast Program	10.553	2021-662443-DPI-SB-SEVERE-546	\$ -	\$ 260,088	\$ 7,659	\$ 267,747	\$ -
National School Lunch Program	10.555	2021-662443-DPI-NSL-547	-	419,150	11,256	430,406	-
Food Donation Program	10.555	2021-662443-DPI-NSL-547	-	95,139	-	95,139	-
Total Child Nutrition Cluster			-	774,377	18,915	793,292	-
U.S. Department of Health & Human Services							
Passed through Wisconsin Forward Health							
Medicaid Cluster							
Medical Assistance Program - School Based Services	93.778	*	-	185,271	-	185,271	-
U.S. Department of Education							
Passed through Wisconsin Department of Public Instruction							
Grants to Local Educational Agencies							
Supporting Effective Instruction State Grants	84.367	2021-662443-DPI-TIIA-365	(39,347)	39,347	174,512	174,512	-
English Language Acquisition State Grants	84.365	2021-662443-DPI-TIIIA-391	-	6,602	36,329	42,931	-
Student Support and Academic Enrichment Programs	84.424	2021-662443-DPI-TIVA-381	(504)	504	-	-	-
Emergency and Secondary School Emergency Relief Fund	84.425D	2021-662443-DPI-ESSERF-160	(1,400)	1,400	14,447	14,447	-
Special Education Cluster							
IDEA Flow-Through Entitlement	84.027	2021-662443-DPI-IDEA-FT-341	-	125,654	-	125,654	-
IDEA Preschool Entitlement	84.173	2021-662443-DPI-IDEA-P-347	(267,842)	476,164	237,825	446,147	-
Total Special Education Cluster			-	22,176	642	22,818	-
Passed through CESA #6			(267,842)	498,340	238,467	468,965	-
English Language Acquisition State Grants	84.365	29-206	-	5,740	-	5,740	-
<b>Total Federal Awards</b>			<u>\$ (309,093)</u>	<u>\$ 1,637,235</u>	<u>\$ 482,670</u>	<u>\$ 1,810,812</u>	<u>\$ -</u>
<b>State Programs:</b>							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents							
State School Lunch Aid	255.101	662443-100	\$ -	\$ 827,764	\$ -	\$ 827,764	\$ -
Common School Fund Library Aid	255.102	662443-107	-	7,391	-	7,391	-
General Transportation Aid	255.103	662443-104	-	81,486	-	81,486	-
General Equalization Aids	255.107	662443-102	-	23,963	-	23,963	-
Supplemental Per Pupil Aid	255.201	662443-116	(188,262)	11,804,668	186,492	11,802,898	-
Peer Review and Mentoring	255.245	662443-181	-	5,935	-	5,935	-
State School Breakfast Aid	255.301	662443-141	(14,990)	-	38,490	23,500	-
Achievement Gap Reduction	255.344	662443-108	-	1,704	-	1,704	-
Educator Effective Evaluation System Grant	255.504	662443-160	-	526,832	-	526,832	-
Per Pupil Aid	255.940	662443-154	(11,120)	11,120	10,240	10,240	-
Assessments of Reading Readiness	255.945	662443-113	-	1,449,126	-	1,449,126	-
Assessments of Reading Readiness	255.956	662443-166	-	14,169	-	14,169	-
Passed through CESA #6							
EEN State Categorical Aid	97-770	*	(6,601)	24,791	-	18,190	-
<b>Total State Assistance</b>			<u>\$ (220,973)</u>	<u>\$ 14,778,949</u>	<u>\$ 235,222</u>	<u>\$ 14,793,198</u>	<u>\$ -</u>

\* Information not provided

**SCHOOL DISTRICT OF HARTFORD JT #1  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (schedule) includes the federal and state award activity of the District under programs of the federal government and state agencies for the year ended June 30, 2021. The information in this schedule 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 schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D – SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

The 2020 – 2021 eligible costs and estimated aid reimbursement under the State Special Education Program are \$2,760,839 and \$684,688, respectively.

**NOTE E – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had food commodities totaling \$95,139 in expenditures.

**NOTE F – OVERSIGHT AGENCIES**

The U.S. Department of Education has been designated the federal oversight agency for the District. The Wisconsin Department of Public Instruction is the state oversight agency for the District.

**SCHOOL DISTRICT OF HARTFORD JT #1  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2021**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Basic Financial Statements**

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

**Federal Awards**

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program of Cluster</u>
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Food Donation Program
Medicaid Cluster	
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

**State Awards**

Type of auditor's report issued on compliance for major programs	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness?	Yes
Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i> ?	No

**SCHOOL DISTRICT OF HARTFORD JT #1  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2021**

**SECTION I - SUMMARY OF AUDITOR’S RESULTS – Continued**

**State Awards – Continued**

Identification of major state programs:

<u>State I.D. Number</u>	<u>Name of State Program of Cluster</u>	
255.201	General Equalization Aid	
	Dollar threshold used to distinguish between Type A and Type B programs	\$250,000
	Auditee qualified as a low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2021-001 - Segregation of Duties**

*(Repeat of prior year finding: 2020-001)*

**Criteria:**

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

**Condition:**

The District does not have adequate segregation of duties in its accounting functions. Specifically, one employee has the ability to cut checks, perform bank reconciliations for the general fund and enter transactions in the accounting software. Another employee has the ability to cut payroll checks, perform bank reconciliations for the payroll account and enter transactions in the accounting software.

**Cause:**

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

**SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**SECTION II – FINANCIAL STATEMENT FINDINGS – Continued**

**2021-001 - Segregation of Duties – Continued**

**Effect or Potential Effect:**

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

**Recommendation:**

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

**Views of Responsible Officials and Planned Corrective Actions:**

The Director of Business Services will review bank reconciliations on a monthly basis to ensure everything is accurate and appropriate. On a weekly/bi-weekly basis the Director of Business Services has established business office meetings to review opportunities for continuous improvement within the business office. The Director of Business Services will also review financial activity on a monthly basis to look for any discrepancies in the accounts. After the checks are approved, they are mailed out. Three to four times a year the Finance Committee randomly pulls checks to review them. All expense reports are currently being countersigned. The budget to actual comparisons are reviewed twice a year by the Finance Committee (1<sup>st</sup> and 3<sup>rd</sup> quarter) and twice a year by the Board (2<sup>nd</sup> and 4<sup>th</sup> quarter). The Director of Business Services provides financial updates to the Board of Education on a regular basis. The Director of Business Services plans on reviewing employee contracts to ensure the correct rate is being paid for each employee. District is willing to accept the risk.

**2021-002 – Preparation of Financial Statements**

*(Repeat of prior year finding: 2020-002)*

**Criteria**

Statement on Auditing Standards No. 115 states that the District should have internal control procedures that enable the preparation of financial records and financial statements by District personnel that are free from material errors.

**Condition**

The District has not prepared the annual financial statements or the schedule of expenditures of federal and state awards.

**SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**SECTION II – FINANCIAL STATEMENT FINDINGS – Continued**

**2021-002 – Preparation of Financial Statements – Continued**

**Cause**

Due to its size, the District does not have the resources to employ an individual that is able to prepare its financial statements or the schedule of expenditures of federal and state awards.

**Effect or Potential Effect**

The District’s financial statements and schedule of expenditures of federal and state awards were prepared by the auditor.

**Recommendation**

The District may consider and implement additional resources to prepare its annual financial statements and the schedule of expenditures of federal and state awards.

**Views of Responsible Officials and Planned Corrective Actions:**

Although management does not prepare the financial statements or schedule of expenditures of federal and state awards, draft copies of these reports are reviewed with the auditor and/or utilizing a disclosure checklist under generally accepted accounting principles and approved prior to their issuance by management. This review includes verifying amounts to the general ledger and other documentation such as grant agreements, debt documents, etc. Management does attend annual training sessions which include content relating to current financial reporting requirements and new accounting standards.

**SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

**2021-001 Segregation of Duties**

*(Repeat of prior year finding: 2020-001)*

<b>Cluster name:</b>	Child Nutrition Cluster
<b>CFDA number and name:</b>	10.553 – School Breakfast Program 10.555 – National School Lunch Program 10.555 – Food Donation Program
<b>Award numbers and year:</b>	2021-662443-DPI-SB-SEVERE-546 and 2021-662443-DPI-NSL-547, year ended June 30, 2021
<b>Federal agency:</b>	Department of Agriculture
<b>Pass-through grantor:</b>	Wisconsin Department of Public Instruction
<b>Cluster Name:</b>	Medicaid Cluster
<b>CFDA number and name:</b>	93.778 – Medical Assistance Program-School Based Services
<b>Award numbers and year:</b>	Not provided; year ended June 30, 2021
<b>Federal Agency:</b>	Department of Health and Human Services
<b>Pass-through grantor:</b>	Wisconsin Department of Health Services



**SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS – Continued**

**2021-001 Segregation of Duties – Continued**

See finding 2021-001 in Section II – Financial Statement Findings

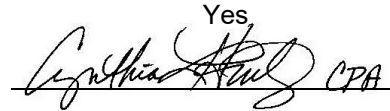
**SECTION IV – OTHER ISSUES**

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

Does the auditor’s report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, 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  
Department of Health Services Yes

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

Name and signature of shareholder

 Cynthia A. King CPA

Date of report

December 14, 2021

**SCHOOL DISTRICT OF HARTFORD JT #1  
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2021**

**Finding 2020-001 – Segregation of Duties**

The Director of Business Services is reviewing bank reconciliations on a monthly basis to ensure everything is accurate and appropriate. The Director of Business Services is also reviewing financial activity on a monthly basis to look for any discrepancies in the accounts. The Board of Education reviews all checks printed on a monthly basis. After the checks are approved, they are mailed out. On a bi-annual basis, the Finance Committee randomly pulls checks to review them. The budget to actual comparisons are reviewed twice a year by the Finance Committee (1<sup>st</sup> and 3<sup>rd</sup> quarter) and twice a year by the Board (2<sup>nd</sup> and 4<sup>th</sup> quarter).

**Finding 2020-02 – Preparation of Financial Statements**

Although management does not prepare the financial statements or schedule of expenditures of federal and state awards, draft copies of these reports are reviewed with the auditor and/or utilizing a disclosure checklist under generally accepted accounting principles and approved prior to their issuance by management. This review includes verifying amounts to the general ledger and other documentation such as grant agreements, debt documents, etc. Management does attend annual training sessions which include content relating to current financial reporting requirements and new accounting standards.

**SCHOOL DISTRICT OF HARTFORD JT #1  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2021**

**Finding 2021-001 – Segregation of Duties**

*(Repeat of prior year finding: 2020-001)*

The Finance Manager will continue to review bank reconciliations on a monthly basis to ensure everything is accurate and appropriate. On a weekly/bi-weekly basis the Finance Manager has established business office meetings to review opportunities for continuous improvement within the business office. As part of these meetings, the Finance Manager plans to review the bank reconciliation process. The Finance Manager will also review financial activity on a monthly basis to look for any discrepancies in the accounts. Throughout the year, the Finance Manager randomly investigates several accounts each month to check for any discrepancies between his expectations and actual results. The Board of Education reviews all checks printed on a monthly basis. After the checks are approved, they are mailed out. Three to four times a year the Finance Committee randomly pulls checks to review them. All expense reports are currently being countersigned. The budget to actual comparisons are reviewed twice a year by the Finance Committee (1<sup>st</sup> and 3<sup>rd</sup> quarter) and twice a year by the Board (2<sup>nd</sup> and 4<sup>th</sup> quarter). The Finance Manager provides financial updates to the Board of Education on a regular basis. Add items on payroll. District is willing to accept the risk.

**Finding 2021-02 – Preparation of Financial Statements**

*(Repeat of prior year finding: 2020-001)*

Although management does not prepare the financial statements or schedule of expenditures of federal and state awards, draft copies of these reports are reviewed with the auditor and/or utilizing a disclosure checklist under generally accepted accounting principles and approved prior to their issuance by management. This review includes verifying amounts to the general ledger and other documentation such as grant agreements, debt documents, etc. Management does attend annual training sessions which include content relating to current financial reporting requirements and new accounting standards.