

# **Waterford Union High School District**

Financial Statements and  
Supplementary Information

June 30, 2021

# Waterford Union High School District

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## **INDEPENDENT AUDITORS' REPORT**

## Independent Auditors' Report

To the Board of Education of  
Waterford Union High School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Waterford Union High School District, Wisconsin, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Waterford Union High School 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.

### Auditors' Responsibility

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

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

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

### Opinions

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

## **Emphasis of Matter**

As discussed in Note 1, the Waterford Union High School District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

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

### *Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021 on our consideration of the Waterford Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Waterford Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waterford Union High School District's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
December 6, 2021

## **BASIC FINANCIAL STATEMENTS**



# Waterford Union High School District

## Statement of Net Position

June 30, 2021

### Assets and Deferred Outflows of Resources

#### Current Assets

Cash and investments	\$ 5,537,765
Accounts receivable	57,872
Taxes receivable	2,025,128
Due from other governments	466,135
Prepaid items	83,840
Total current assets	<u>8,170,740</u>

#### Noncurrent Assets:

Restricted assets	
Net pension asset	3,200,041
Capital assets	
Land	1,248,841
Construction in progress	140,621
Other capital assets (net of depreciation)	28,874,609
Total noncurrent assets	<u>33,464,112</u>
Total assets	<u>41,634,852</u>

#### Deferred Outflows of Resources

Pension related items	5,266,941
OPEB related items	680,418
Total deferred outflows of resources	<u>5,947,359</u>

### Liabilities, Deferred Inflows of Resources and Net Position

#### Current liabilities:

Accounts payable and accrued liabilities	357,018
Accrued interest payable	87,615
Current portion of long-term obligations	896,049
Total current liabilities	<u>1,340,682</u>

#### Noncurrent liabilities:

Noncurrent portion of long-term obligations	<u>15,490,680</u>
Total liabilities	<u>16,831,362</u>

#### Deferred Inflow of Resources

Pension related items	7,029,988
OPEB related items	336,129
Total deferred inflows of resources	<u>7,366,117</u>

#### Net Position

Net Investment in capital assets	20,220,208
Restricted for debt service	40,626
Restricted for food service	78,658
Restricted for donations	348,153
Restricted for pensions	3,200,041
Unrestricted (deficit)	(502,954)
Total net position	<u>\$ 23,384,732</u>

See notes to the financial statements

**Waterford Union High School District**

Statement of Activities

Year Ended June 30, 2021

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>Instruction</b>				
Regular	\$ 4,182,723	\$ 811,992	\$ 1,133,120	\$ (2,237,611)
Special education	484,866	27,628	-	(457,238)
Vocational	2,673,104	819,798	562,715	(1,290,591)
Other	1,386,763	84,624	-	(1,302,139)
Total instruction	<u>8,727,456</u>	<u>1,744,042</u>	<u>1,695,835</u>	<u>(5,287,579)</u>
<b>Support Services</b>				
Pupil services	1,569,151	229,904	146,685	(1,192,562)
Instructional support services	1,206,521	150,882	122,129	(933,510)
Administration	1,456,945	-	-	(1,456,945)
Buildings and grounds	2,453,909	-	-	(2,453,909)
Pupil transportation	1,488,950	1,416,968	280,423	208,441
Other support services	1,199,673	-	-	(1,199,673)
Interest and fees	247,396	-	-	(247,396)
Food service	349,096	252,744	2,311	(94,041)
Total support services	<u>9,971,641</u>	<u>2,050,498</u>	<u>551,548</u>	<u>(7,369,595)</u>
<b>Nonprogram</b>	<u>1,870,011</u>	<u>283,706</u>	<u>194,738</u>	<u>(1,391,567)</u>
Total activities	<u>\$ 20,569,108</u>	<u>\$ 4,078,246</u>	<u>\$ 2,442,121</u>	<u>(14,048,741)</u>
<b>General Revenues</b>				
Taxes:				
Property taxes:				
General purposes				7,578,790
Debt service				675,675
Other				375,521
State and federal aids not restricted to specific functions				6,433,117
Investment income				72,820
Miscellaneous				411,216
Total general revenues				<u>15,547,139</u>
Net change in fund balances				1,498,398
<b>Net Position, Beginning (restated)</b>				<u>21,886,334</u>
<b>Net Position, Ending</b>				<u>\$ 23,384,732</u>

See notes to the financial statements

**Waterford Union High School District**

Balance Sheet - Governmental Funds  
June 30, 2021

	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Nonmajor			Totals
					Donation Fund	Food Service Fund	Community Service Fund	
<b>Assets</b>								
Cash and investments	\$ 4,992,678	\$ -	\$ 128,241	\$ 10,037	\$ 348,153	\$ 20,786	\$ 37,870	\$ 5,537,765
Accounts receivable	-	-	-	-	-	57,872	-	57,872
Taxes receivable	2,025,128	-	-	-	-	-	-	2,025,128
Due from other funds	218,527	-	-	-	-	-	-	218,527
Due from other governments	146,143	319,992	-	-	-	-	-	466,135
Prepaid items	75,559	8,281	-	-	-	-	-	83,840
<b>Total assets</b>	<b>7,458,035</b>	<b>328,273</b>	<b>128,241</b>	<b>10,037</b>	<b>348,153</b>	<b>78,658</b>	<b>37,870</b>	<b>8,389,267</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	173,535	99,893	-	-	-	-	-	273,428
Accrued liabilities	73,737	9,853	-	-	-	-	-	83,590
Due to other funds	-	218,527	-	-	-	-	-	218,527
<b>Total liabilities</b>	<b>247,272</b>	<b>328,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>575,545</b>
<b>Fund balances:</b>								
Nonspendable	75,559	-	-	-	-	-	-	75,559
Restricted	-	-	128,241	10,037	348,153	78,658	-	565,089
Committed	609,618	-	-	-	-	-	37,870	647,488
Assigned	470,683	-	-	-	-	-	-	470,683
Unassigned	6,054,903	-	-	-	-	-	-	6,054,903
<b>Total fund balances</b>	<b>7,210,763</b>	<b>-</b>	<b>128,241</b>	<b>10,037</b>	<b>348,153</b>	<b>78,658</b>	<b>37,870</b>	<b>7,813,722</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,458,035</b>	<b>\$ 328,273</b>	<b>\$ 128,241</b>	<b>\$ 10,037</b>	<b>\$ 348,153</b>	<b>\$ 78,658</b>	<b>\$ 37,870</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. See Note 3	30,264,071
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	3,200,041
Deferred outflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.	5,947,359
Deferred inflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.	(7,366,117)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(87,615)
Long term liabilities, are not due and payable in the current period and therefore are not reported in the funds. See Note 3	(16,386,729)

**Net Position of Governmental Activities**

**\$ 23,384,732**

See notes to the financial statements

**Waterford Union High School District**

 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 Year Ended June 30, 2021

	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Donation Fund	Nonmajor Food Service Fund	Community Service Fund	Totals
<b>Revenues</b>								
Local	\$ 7,918,623	\$ -	\$ 676,030	\$ 217,627	\$ 301,744	\$ 252,744	\$ 170,605	\$ 9,537,373
Interdistrict	756,385	2,833,968	-	-	-	-	-	3,590,353
State	7,223,433	1,134,278	-	-	-	-	-	8,357,711
Federal	293,518	171,261	-	-	-	2,311	-	467,090
Other	99,094	-	-	-	-	10,372	-	109,466
Total revenues	16,291,053	4,139,507	676,030	217,627	301,744	265,427	170,605	22,061,993
<b>Expenditures</b>								
Instruction:								
Regular	4,710,260	-	-	-	-	-	-	4,710,260
Special education	-	2,409,450	-	-	-	-	-	2,409,450
Vocational	1,086,110	-	-	-	-	-	-	1,086,110
Other	1,195,601	-	-	-	332,544	-	-	1,528,145
Total instruction	6,991,971	2,409,450	-	-	332,544	-	-	9,733,965
Support services:								
Pupil services	940,815	641,056	-	-	-	-	-	1,581,871
Instructional support services	783,602	422,979	-	-	-	-	-	1,206,581
Administration	1,546,833	56,590	-	3,960,192	-	-	92,158	5,655,773
Buildings and grounds	5,085,511	9,584	-	-	-	-	40,577	5,135,672
Pupil transportation	360,215	1,155,574	-	-	-	-	-	1,515,789
Other support services	1,159,749	42,986	-	-	-	-	-	1,202,735
Debt service								
Principal	96,588	-	420,000	-	-	-	-	516,588
Interest and fees	-	-	259,959	-	-	-	-	259,959
Food service	-	-	-	-	-	356,500	-	356,500
Total support services	9,973,313	2,328,769	679,959	3,960,192	-	356,500	132,735	17,431,468
Nonprogram:								
Purchased instructional services	1,060,366	204,036	-	-	-	-	-	1,264,402
Other nonprogram	9,150	596,459	-	-	-	-	-	605,609
Total nonprogram	1,069,516	800,495	-	-	-	-	-	1,870,011
Total expenditures	18,034,800	5,538,714	679,959	3,960,192	332,544	356,500	132,735	29,035,444
Excess (deficiency) of revenues over expenditures	(1,743,747)	(1,399,207)	(3,929)	(3,742,565)	(30,800)	(91,073)	37,870	(6,973,451)
<b>Other Financing Sources (Uses)</b>								
Capital lease proceeds	371,057	-	-	-	-	-	-	371,057
Sale of capital assets	5,513	-	-	-	-	-	-	5,513
Transfers in	-	1,399,207	-	-	-	84,000	-	1,483,207
Transfers out	(1,483,207)	-	-	-	-	-	-	(1,483,207)
Total other financing sources (uses)	(1,106,637)	1,399,207	-	-	-	84,000	-	376,570
Net change in fund balances	(2,850,384)	-	(3,929)	(3,742,565)	(30,800)	(7,073)	37,870	(6,596,881)
<b>Fund Balances, Beginning (as restated)</b>	10,061,147	-	132,170	3,752,602	378,953	85,731	-	14,410,603
<b>Fund Balances, Ending</b>	\$ 7,210,763	\$ -	\$ 128,241	\$ 10,037	\$ 348,153	\$ 78,658	\$ 37,870	\$ 7,813,722

See notes to the financial statements

## Waterford Union High School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2021

**Net Change in Fund Balances, Total Governmental Funds** \$ (6,596,881)

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

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated  
over their estimated useful lives as depreciation expense.

Capital outlay reported in governmental fund statements	8,107,955
Depreciation expense reported in the statement of activities	(958,271)
Net book value of disposals	(1,009)

Bond proceeds provide current financial resources to governmental  
funds, but issuing debt increases long-term liabilities in the statement  
of net position. Repayment of bond principal is an expenditure in the  
governmental funds, but the repayment reduces long-term liabilities in the  
statement of net position.

Capital lease proceeds	(371,057)
Principal repaid	516,588

Governmental funds report debt premiums, discounts and issuance costs as other financing  
sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported  
as other assets or deductions from long-term debt. These are allocated over the period the debt is  
outstanding in the statement of activities and are reported as interest expense.

Amortization of premium on long-term debt issued	13,553
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Some expenses reported in the statement of activities do not require  
the use of current financial resources and therefore are not reported  
as expenditures in governmental funds.

Vested compensated absences	(71,120)
Total OPEB liability, health	(316,924)
Total pension liability	(93,575)
Net OPEB liability, life	(164,929)
Net pension asset	1,503,683
Deferred outflows of resources related to pensions	1,573,918
Deferred inflows of resources related to pensions	(1,930,215)
Deferred outflows of resources related to OPEB	264,522
Deferred inflows of resources related to OPEB	23,149
Accrued interest on long term debt	(989)

**Change in Net Position of Governmental Activities** \$ 1,498,398

# Waterford Union High School District

## Statement of Fiduciary Net Position

### Fiduciary Funds

June 30, 2021

	<u>Private Purpose Trust Fund</u>	<u>Employee Benefit Trust Fund</u>
	<u>Scholarships</u>	<u>Pension</u>
<b>Assets</b>		
Cash and investments	\$ 102,962	\$ 162,358
Receivables	-	163
	<u>102,962</u>	<u>162,521</u>
Total assets	<u>102,962</u>	<u>162,521</u>
<b>Net position</b>		
Restricted for scholarships	102,962	-
Restricted for employee benefits	-	162,521
	<u>-</u>	<u>162,521</u>
Total net position	<u>\$ 102,962</u>	<u>\$ 162,521</u>

See notes to the financial statements

**Waterford Union High School District**

## Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

Year Ended June 30, 2021

	<u>Private Purpose Trust Funds</u>	<u>Employee Benefit Trust Fund</u>
	<u>Scholarships</u>	<u>Pension</u>
<b>Additions</b>		
Investment income	\$ 2	\$ 12,676
Contributions	53,214	150,000
Total additions	<u>53,216</u>	<u>162,676</u>
<b>Deductions</b>		
Scholarship awards	43,600	-
Administration	-	155
Total deductions	<u>43,600</u>	<u>155</u>
Change in net position	9,616	162,521
<b>Net Position, Beginning</b>	<u>93,346</u>	<u>-</u>
<b>Net Position, Ending</b>	<u>\$ 102,962</u>	<u>\$ 162,521</u>

*See notes to the financial statements*

# Waterford Union High School District

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June 30, 2021

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# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## 1. Summary of Significant Accounting Policies

The accounting policies of the Waterford Union High School District, Wisconsin (the District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### Reporting Entity

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

### District-Wide and Fund Financial Statements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented July 1, 2020.

### District-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

### Fund Financial Statements

Financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and

# Waterford Union High School District

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Notes to Financial Statements  
June 30, 2021

- b. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

## **General Fund**

General Fund accounts for the District's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

## **Special Revenue Fund**

Special Education Fund - Special Revenue Fund is used to account for and report grants and local revenues restricted or committed to providing special education services to district students.

## **Debt Service Fund**

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for the payment of general long-term debt principal, interest and related costs.

## **Capital Projects Fund**

Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets..

The District reports the following nonmajor governmental fund:

## **Special Revenue Funds**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Food Service  
Donation

Community Service

In addition, the District reports the following fund types:

## **Private-Purpose Trust Funds**

Private-Purpose Trust Fund are used to account for and report any trust arrangement not properly reported in a pension trust fund or investment trust fund under which principal and income benefit individuals, private organizations or other governments.

Scholarships

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## **Pension (and Other Employee Benefit) Trust Funds**

Pension (and Other Employee Benefit) Trust Fund are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans or other employee benefit plans.

Pension

## **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

### **District-Wide Financial Statements**

The district-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

### **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and revenue.

Intergovernmental aids and grants are recognized as revenues in the period the District is entitled the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services and interest. Other general revenues such as student fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above. Charges for special education services are not reduced by anticipated state special education aid entitlement.

### **Fiduciary Funds**

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

### Deposits and Investments

Investment of District funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The District has adopted an investment policy. That policy follows the state statute for allowable investments, except that the District is limited to investments that mature or are redeemable within three years of the date of purchase.

No policy exists for the following risks:

Custodial credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 4. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated to the general fund. Amounts earned by other funds and allocated to the general fund are not significant. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

See Note 3. for further information.

## Receivables

General accounts receivable have been adjusted for all known uncollectable accounts. No allowance is necessary at year end.

Property taxes are levied in December on the assessed values as of the prior January 1.

The aggregate amount of property taxes to be levied for school purposes is determined according to the provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing districts for collection. Property taxes attach as an enforceable item as of January 1.

Property taxes are recognized in the fiscal year levied. The District considers all taxes as due prior to the end of the fiscal year. Full receipt of the entire levy is assured within 60 days of the District's fiscal year end.

Property taxes are collected by the local taxing units until January 31. Real estate tax collections after that date are made by the applicable county, which assumes all responsibility for delinquent real estate taxes.

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full or	January 2021
First installment due	January 2021
Second installment due	July 31, 2021

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 advances from and to other funds. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

## Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## Capital Assets

### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	10-40 Years
Land Improvements	40 Years
Equipment	5-15 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.

### Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

### Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2021, are determined on the basis of current salary rates and include salary related payments.

### Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and OPEB liabilities.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

For the district-wide statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

## Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

## Equity Classifications

### Government-Wide Statements

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

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net positions that do not meet the definitions of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

## Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Board of Education. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education that originally created the commitment.

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The district has adopted a financial policy authorizing the Superintendent to assign amounts for a specific purpose. All positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. *Unassigned* - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the district-wide statements.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note 3. for further information.

Fiduciary fund net position is classified as restricted for scholarships and pension on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income and the District believes it is in compliance with all significant restrictions.

## **Pension**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and 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.

For purposes of measuring the single-employer pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expenses, the District's single-employer pension plan recognizes benefit payments when due and payable in accordance with the benefit terms.

## **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense. The District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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



# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## 2. Stewardship, Compliance and Accountability

### Budgetary Information

A budget has been adopted for the general fund, special education fund, debt service fund, capital projects fund, food service fund and community service fund. A budget has not been formally adopted for donation fund . Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

### Excess Expenditures and Other Financing Uses Over Appropriations

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service Fund	\$ 679,875	\$ 679,959	\$ 84
Capital Project Fund	3,904,102	3,960,192	56,090

The District controls expenditures at the function level in the General Fund and at the fund level for all other funds. Some individual funds/functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the District's year-end budget to actual report.

### Limitations on the District's Revenues

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase that is determined by the legislature.

The limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

## 3. Detailed Notes on All Funds

### Deposits and Investments

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

The District's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 5,640,727	\$ 6,548,559	Custodial credit
Mutual funds	<u>162,358</u>	<u>162,358</u>	N/A
Total deposits and investments	<u>\$ 5,803,085</u>	<u>\$ 6,710,917</u>	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 5,537,765		
Per statement of net position, fiduciary funds			
Scholarships	102,962		
Pension	<u>162,358</u>		
Total deposits and investments	<u>\$ 5,803,085</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The District maintains collateral agreements with its banks. At June 30, 2021, the banks had pledged various government securities in the amount of \$8,130,611 to secure the District's deposits.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Market value

<u>Investment Type</u>	<u>June 30, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 162,358	\$ -	\$ -	\$ 162,358
Total	<u>\$ 162,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,358</u>

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## Custodial Credit Risk

### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

The District does not have any deposits exposed to custodial credit risk.

See Note 1. for further information on deposit and investment policies.

### Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

### Restricted Assets

The following represent the balances of the restricted assets:

### Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

### Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,180,841	\$ 68,000	\$ -	\$ 1,248,841
Construction in progress	<u>6,467,575</u>	<u>140,621</u>	<u>6,467,575</u>	<u>140,621</u>
Total capital assets not being depreciated	<u>7,648,416</u>	<u>208,621</u>	<u>6,467,575</u>	<u>1,389,462</u>
Capital assets being depreciated:				
Land improvements	1,532,896	829,194	-	2,362,090
Buildings	24,130,714	12,276,709	-	36,407,423
Equipment	<u>537,261</u>	<u>1,261,006</u>	<u>5,045</u>	<u>1,793,222</u>
Total capital assets being depreciated	<u>26,200,871</u>	<u>14,366,909</u>	<u>5,045</u>	<u>40,562,735</u>
Total capital assets	<u>33,849,287</u>	<u>14,575,530</u>	<u>6,472,620</u>	<u>41,952,197</u>
Less accumulated depreciation for:				
Land improvements	(988,937)	(81,530)	-	(1,070,467)
Buildings	(9,574,581)	(711,167)	-	(10,285,748)
Equipment	<u>(170,373)</u>	<u>(165,574)</u>	<u>4,036</u>	<u>(331,911)</u>
Total accumulated depreciation	<u>(10,733,891)</u>	<u>(958,271)</u>	<u>4,036</u>	<u>(11,688,126)</u>
Net capital assets being depreciated	<u>15,466,980</u>	<u>13,408,638</u>	<u>1,009</u>	<u>28,874,609</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 23,115,396</u>	<u>\$ 13,617,259</u>	<u>\$ 6,468,584</u>	<u>\$ 30,264,071</u>

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

Depreciation expense was charged to functions as follows:

## Governmental Activities

Instruction:		
Regular Instruction		\$ 160,962
Support services:		
Buildings and grounds		<u>797,309</u>
	Total governmental activities depreciation expense	<u>\$ 958,271</u>

## Interfund Receivables/Payables and Transfers

### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Education Fund	<u>\$ 218,527</u>
	Total, fund financial statements	218,527
	Less fund eliminations	<u>(218,527)</u>
	Total internal balances, government-wide statement of net position	<u>\$ -</u>

All amounts are due within one year.

The principal purpose of these interfunds are to eliminate deficit cash balances

### Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Special Education Fund	General Fund	\$ 1,399,207	To finance operating deficit
Food Service Fund	General Fund	<u>84,000</u>	To finance operating deficit
	Total, fund financial statements	1,483,207	
	Less fund eliminations	<u>(1,483,207)</u>	
	Total, fund financial statements	<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

The above transfer to the special education fund uses unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

## Long-Term Obligations

Long-term obligations 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>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 9,950,000	\$ -	\$ 420,000	\$ 9,530,000	\$ 430,000
(Discounts)/Premiums:	252,948	-	13,553	239,395	-
Subtotal	<u>10,202,948</u>	<u>-</u>	<u>433,553</u>	<u>9,769,395</u>	<u>430,000</u>
Other liabilities:					
Net OPEB liability - life	651,444	164,929	-	816,373	-
Total OPEB liability - health	2,986,428	316,924	-	3,303,352	-
Total pension liability	415,478	93,575	-	509,053	-
Vested compensated absences	1,642,968	516,285	445,165	1,714,088	377,040
Capital leases	-	371,057	96,589	274,468	89,009
Total other liabilities	<u>5,696,318</u>	<u>1,462,770</u>	<u>541,754</u>	<u>6,617,334</u>	<u>466,049</u>
Total governmental activities long-term liabilities	<u>\$ 15,899,266</u>	<u>\$ 1,462,770</u>	<u>\$ 975,307</u>	<u>\$ 16,386,729</u>	<u>\$ 896,049</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed 10 percent of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2021, was \$190,600,000. Total general obligation debt outstanding at year end was \$9,530,000.

## General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the District. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance June 30, 2021</u>
<b>General Obligation Debt</b>					
General obligation promissory notes	6/13/19	3/1/21-39	2.0-3.0%	\$ 9,530,000	\$ 9,530,000
Total governmental activities, general obligation debt					<u>\$ 9,530,000</u>

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Governmental Activities General Obligation Debt</b>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 430,000	\$ 251,475
2023	440,000	242,875
2024	445,000	234,075
2025	455,000	225,175
2026	465,000	216,075
2027-2031	2,490,000	926,725
2032-2036	2,870,000	553,800
2037-2039	1,935,000	117,300
Total	<u>\$ 9,530,000</u>	<u>\$ 2,767,500</u>

## Capital Leases

Refer to Note 3.

## Other Debt Information

Estimated payments of vested compensated absences and other postemployment liabilities are not included in the debt service requirement schedules. The vested compensated absences and other postemployment benefits liabilities attributable to governmental activities will be liquidated primarily by the general fund.

## Lessor, Capital Leases

The District acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$371,057, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of June 30, 2021, are as follows:

<u>Years</u>	<b>Governmental Activities</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 89,009	\$ 7,580	\$ 96,589
2023	91,467	5,122	96,589
2024	93,992	2,597	96,589
Total	<u>\$ 274,468</u>	<u>\$ 15,299</u>	<u>\$ 289,767</u>

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## Net Position/Fund Balances

Net position reported on the district-wide statement of net position at June 30, 2021, includes the following:

### Governmental Activities

Net investment in capital assets:

Land	\$ 1,248,841
Construction in progress	140,621
Other capital assets, net of accumulated depreciation	28,874,609
Less long-term debt outstanding	(9,804,468)
Less unamortized debt premium	<u>(239,395)</u>

Total net investment in capital assets \$ 20,220,208

### Governmental Funds

Governmental fund balances reported on the fund financial statements at June 30, 2021, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 75,559	\$ -	\$ -	\$ -	\$ 75,559
Subtotal	<u>75,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,559</u>
<b>Restricted for:</b>					
Debt Service	-	128,241	-	-	128,241
Food Service	-	-	-	78,658	78,658
Capital Projects	-	-	10,037	-	10,037
Donation	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,153</u>	<u>348,153</u>
Subtotal	<u>-</u>	<u>128,241</u>	<u>10,037</u>	<u>426,811</u>	<u>565,089</u>
<b>Committed to:</b>					
Post employment benefits collected for Special Education Cooperative	609,618	-	-	-	609,618
Community service	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,870</u>	<u>37,870</u>
Subtotal	<u>609,618</u>	<u>-</u>	<u>-</u>	<u>37,870</u>	<u>647,488</u>
<b>Assigned to:</b>					
Other post employment benefits	<u>470,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,683</u>
Subtotal	<u>470,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,683</u>
<b>Unassigned:</b>					
	<u>6,054,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,054,903</u>
Total fund balances	<u><u>\$ 7,210,763</u></u>	<u><u>\$ 128,241</u></u>	<u><u>\$ 10,037</u></u>	<u><u>\$ 464,681</u></u>	<u><u>\$ 7,813,722</u></u>

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## Restatement of Fund Balances

Fund balance/net position has been restated in relation to the implementation of GASB Statement No. 84, *Fiduciary Activities*.

### Donation Fund

Donation Fund balance, June 30, 2020 (as reported)	\$	-
Add reclassification of activities from Fiduciary Fund to Governmental Fund		<u>378,953</u>
Donation Fund Balance, June 30, 2020 (as restated)	\$	<u><u>378,953</u></u>

### Nonmajor Funds

Nonmajor Fund balance, June 30, 2020 (as reported)	\$	85,731
Add reclassification of activities from Fiduciary Fund to Governmental Fund		<u>378,953</u>
Governmental Activities Fund Balance, June 30, 2020 (as restated)	\$	<u><u>464,684</u></u>

### Governmental Activities

Governmental Activities Net Position, June 30, 2020 (as reported)	\$	21,507,381
Add reclassification of activities from Fiduciary Fund to Governmental Fund		<u>378,953</u>
Governmental Activities Net Position, June 30, 2020 (as restated)	\$	<u><u>21,886,334</u></u>

## 4. Other Information

### Employees' Retirement System

#### Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.



# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## Vesting

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

## Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earnings period. 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 age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

## Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## 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 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 \$563,587 in contributions from the District.

Contribution rates for the plan year reported as of June 30, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

## Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported an asset of \$3,200,041 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension 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 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 0.05125693 percent, which was a decrease of 0.00135220 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$(390,347).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,631,442	\$ 997,604
Changes in assumptions	72,583	-
Net differences between projected and actual earnings on pension plan investments	-	6,007,817
Changes in proportion and differences between employer contributions and proportionate share of contributions	241	24,567
Employer contributions subsequent to the measurement date	<u>366,979</u>	<u>-</u>
Total	<u>\$ 5,071,245</u>	<u>\$ 7,029,988</u>

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

\$366,979 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ (601,537)
2023	(167,146)
2024	(1,093,887)
2025	(463,152)

## Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

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

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

# Waterford Union High School District

Notes to Financial Statements

June 30, 2021

## 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:

<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<b>Variable Fund Asset Class</b>			
U.S Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4 percent  
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 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.00 percent. (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 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Waterford Union High School District

Notes to Financial Statements  
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## Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 3,045,995</u>	<u>\$ (3,200,041)</u>	<u>\$ (7,787,708)</u>

## 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>.

At June 30, 2021, the District reported a payable to the pension plan of \$224,668 which represents contractually required contributions outstanding as of the end of the year.

## Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The District purchases commercial insurance to provide coverage for losses from (torts; theft of, damage to or destruction of assets; errors and omission; workers compensation; and health care of its employees). However, other risks, such as (torts; theft of, damage to or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the District in the general fund.

## Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability band expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

The District has active construction projects as of June 30, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## Other Postemployment Benefits

### General Information about the OPEB Plan

#### Plan Description

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides health insurance contributions for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through personnel policy guidelines and state that eligible retirees and their spouses receive healthcare insurance until they are Medicare eligible at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

#### Benefits Provided

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. The district makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. For eligible administrators, the district contributes 70 percent of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses for a period of eight years. For eligible teachers and support staff, the district contributes \$3,000 for each year of continuous service to a health reimbursement account.

Employees covered by benefit terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	21
Active plan members	<u>131</u>
	<u><u>152</u></u>

#### Total OPEB Liability

The District's total OPEB liability of \$3,303,352 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

**Actuarial assumptions and other inputs.** 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:

Inflation	2.5%
Salary increases	5.6% decreasing to .2% after 30 years of service
Healthcare cost trend rates	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0% and level thereafter
Retirees' share of benefit-related costs	N/A

The discount rate was based on all years of projected payments discounted at a municipal bond rate of 2.25 percent.

# Waterford Union High School District

Notes to Financial Statements  
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Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60 percent).

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period 2015 - 2017.

## Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2020	\$ 2,986,428
Changes for the year:	
Service cost	159,039
Interest	103,913
Changes in assumptions or other inputs	247,972
Benefit payments	<u>(194,000)</u>
Net changes	<u>316,924</u>
Balances at June 30, 2021	<u>\$ 3,303,352</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2020 to 2.25 percent in 2021.

## Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	<u>1% Decrease (1.25%)</u>	<u>Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Total OPEB liability	\$ 3,509,606	\$ 3,303,352	\$ 3,104,016

## Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower ( 6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (6.5% Decreasing to 4.0%)</u>	<u>Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)</u>	<u>1% Increase (8.5% Decreasing to 6.0%)</u>
Total OPEB liability	\$ 3,145,521	\$ 3,303,352	\$ 3,483,425

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$262,888. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,026	\$ -
Changes of assumptions or other inputs	223,175	214,913
Employer contributions subsequent to the measurement date	<u>60,518</u>	<u>-</u>
Total	<u>\$ 299,719</u>	<u>\$ 214,913</u>

\$60,518 reported as deferred outflows related to OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### Year Ended December 31:

2021	\$ (64)
2022	(64)
2023	(64)
2024	(64)
2025	(64)
Thereafter	24,608

## Local Retiree Life Insurance Fund (LRLIF)

### Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

### Benefits Provided

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



# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## Contributions

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

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of June 30, 2021 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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

<u>Life Insurance Member Contribution Rates For the Plan Year</u>		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$2,959 in contributions from the employer.

# Waterford Union High School District

Notes to Financial Statements  
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## OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2021, the District reported a liability of \$816,373 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.14841200 percent, which was an decrease of 0.00457400 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$118,556.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 38,955
Net differences between projected and actual earnings on OPEB plan investments	317,581	56,014
Changes in assumptions	11,886	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,085	26,247
Employer contributions subsequent to the measurement date	<u>11,147</u>	<u>-</u>
Total	<u>\$ 380,699</u>	<u>\$ 121,216</u>

\$11,147 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ 47,865
2023	46,580
2024	45,256
2025	39,349
2026	49,394
Thereafter	19,892

# Waterford Union High School District

Notes to Financial Statements  
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## Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

## Long-Term Expected Return on Plan Assets

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

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	50%	1.47%
US Mortgages	Barclays MBS	50	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

# Waterford Union High School District

Notes to Financial Statements  
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The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25 percent and 2.20 percent respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

## Single Discount Rate

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

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

## Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	<b>1% Decrease to Discount Rate (1.25%)</b>	<b>Current Discount Rate (2.25%)</b>	<b>1% Increase to Discount Rate (3.25%)</b>
District's proportionate share of the net OPEB liability	<u>\$ 1,110,501</u>	<u>\$ 816,373</u>	<u>\$ 593,933</u>

## Single-Employer Defined Benefit Pension Plan

### Plan Description

The District reports a single-employer defined benefit pension plan (the stipend plan). The plan is administered by the District and provides eligible Administrators that are at least age 55 with a minimum of 5 years of services an annual stipend, which will be a prorated portion of salary as determined by the retiree's year of service with the District, for a period of 3 years; Supervisors that are at least age 55 with a minimum of 10 years of services an annual stipend of \$10,000 for a period of 3 years; and Teachers that are at least age 55 with a minimum of 15 years of services an annual stipend of \$10,000 for a period of 3 years. Benefit provisions are established through the District's collective bargaining agreement and certain employment agreements.

At June 30, 2021, the District plan's membership consisted of:

Active members	<u>53</u>
Total	<u><u>53</u></u>

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

The District paid \$93,575 for pension benefits as they came due during the reporting period. The District has been funding these benefits on a pay-as-you-go basis until July 1, 2021 when a Trust was established. The information below is presented with a measurement date as of June 30, 2020 and therefore the established trust is not considered.

## Changes in Total Pension Liability

The District's change in total pension liability for the fiscal year ended June 30, 2021 was as follows:

	<b>Total Pension Liability</b>
Beginning of Year Balance	\$ 415,478
Service cost	29,556
Interest on total pension liability	15,059
Changes of assumptions	<u>48,960</u>
End of Year Balance	<u><u>\$ 509,053</u></u>

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

	<b>Deferred Outflows of Resources</b>
Changes in actuarial assumptions	\$ 45,696
Employer contributions subsequent to the measurement date	<u>150,000</u>
Total	<u><u>\$ 195,696</u></u>

\$150,000 reported as deferred outflows related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the Total Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b><u>Year Ended June 30:</u></b>	<b>Deferred Outflows of Resources</b>
2022	\$ 3,264
2023	3,264
2024	3,264
2025	3,264
2026	3,264
Thereafter	29,376

# Waterford Union High School District

Notes to Financial Statements  
June 30, 2021

## Assumptions

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

Measurement Date:	June 30, 2020
Actuarial Valuation Date:	June 30, 2019
Inflation:	2.00%
Salary Changes:	5.8% down to 0.2% in 30 years; includes merit increases plus inflation
Discount Rate:	2.25%
Source of Discount Rate:	Based upon all years of project payments discounted at a municipal bond rate of 2.25%
Source of Mortality Assumptions:	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).
Dates of Experience Studies	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2020 to 2.25 percent in 2021.

## Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the current discount rate of 2.25 percent as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (1.25 percent) or 1 percentage point higher (3.25 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	<u>\$ 550,229</u>	<u>\$ 509,053</u>	<u>\$ 469,645</u>

# Waterford Union High School District

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Notes to Financial Statements  
June 30, 2021

## Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**



# Waterford Union High School District

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual -

General Fund

Year Ended June 30, 2021

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>
	<b>Original and Final</b>	<b>Actual</b>	
<b>Revenues</b>			
Local	\$ 8,068,240	\$ 7,918,623	\$ (149,617)
Interdistrict	692,500	756,385	63,885
State	7,233,157	7,223,433	(9,724)
Federal	170,364	293,518	123,154
Other	250	99,094	98,844
	<u>16,164,511</u>	<u>16,291,053</u>	<u>126,542</u>
<b>Expenditures</b>			
Instruction:			
Regular	5,266,709	4,710,260	556,449
Vocational	1,046,813	1,086,110	(39,297)
Other	1,281,125	1,195,601	85,524
	<u>7,594,647</u>	<u>6,991,971</u>	<u>602,676</u>
Support services:			
Pupil services	1,086,912	940,815	146,097
Instructional support services	560,421	783,602	(223,181)
Administration	1,483,221	1,546,833	(63,612)
Buildings and grounds	3,391,808	5,085,511	(1,693,703)
Pupil transportation	375,414	360,215	15,199
Other support services	1,018,916	1,159,749	(140,833)
	<u>7,916,692</u>	<u>9,973,313</u>	<u>(2,056,621)</u>
Nonprogram:			
Purchased instructional services	1,041,875	1,060,366	(18,491)
Other nonprogram	500	9,150	(8,650)
	<u>1,042,375</u>	<u>1,069,516</u>	<u>(27,141)</u>
	<u>16,553,714</u>	<u>18,034,800</u>	<u>(1,481,086)</u>
Excess of revenues over expenditures	(389,203)	(1,743,747)	(1,354,544)
<b>Other Financing Sources (Uses)</b>			
Capital lease proceeds	-	371,057	371,057
Sales of capital assets	-	5,513	5,513
Transfer out	(1,631,684)	(1,483,207)	148,477
	<u>(1,631,684)</u>	<u>(1,106,637)</u>	<u>525,047</u>
Net change in fund balances	<u>\$ (2,020,887)</u>	(2,850,384)	<u>\$ (829,497)</u>
<b>Fund Balances, Beginning</b>		<u>10,061,147</u>	
<b>Fund Balances, Ending</b>		<u>\$ 7,210,763</u>	

See notes to the required supplementary information

**Waterford Union High School District**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

Special Revenue Fund - Special Education Fund

Year Ended June 30, 2021

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>
	<b>Original and Final</b>	<b>Actual</b>	
<b>Revenues</b>			
Interdistrict	\$ 2,844,420	\$ 2,833,968	\$ (10,452)
Intermediate	5,000	-	(5,000)
State	1,237,936	1,134,278	(103,658)
Federal	261,198	171,261	(89,937)
	<u>4,348,554</u>	<u>4,139,507</u>	<u>(209,047)</u>
Total revenues			
	4,348,554	4,139,507	(209,047)
<b>Expenditures</b>			
Instruction	3,020,722	2,409,450	611,272
Support Services	2,380,053	2,328,769	51,284
Nonprogram	579,464	800,495	(221,031)
	<u>5,980,239</u>	<u>5,538,714</u>	<u>441,525</u>
Total expenditures			
	5,980,239	5,538,714	441,525
Excess (deficiency) revenues over expenditures	(1,631,685)	(1,399,207)	232,478
<b>Other Financing Sources</b>			
Transfer in	1,631,685	1,399,207	(232,478)
	<u>1,631,685</u>	<u>1,399,207</u>	<u>(232,478)</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balances, Beginning</b>		<u>-</u>	
<b>Fund Balances, Ending</b>		<u>\$ -</u>	

See notes to the required supplementary information

**Waterford Union High School District**Schedule of Changes in the Total OPEB Liability - Health  
Year Ended June 30, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 191,003	\$ 191,003	\$ 182,649	\$ 159,039
Interest	108,544	113,419	124,204	103,913
Changes of benefit terms	-	-	(269,901)	-
Differences between expected and actual experience	-	-	20,032	-
Changes of assumptions	-	(67,389)	(207,378)	247,972
Benefit payments	<u>(165,839)</u>	<u>(154,679)</u>	<u>(167,917)</u>	<u>(194,000)</u>
Net Change in Total OPEB Liability	133,708	82,354	(318,311)	316,924
<b>Total OPEB Liability, Beginning</b>	<u>3,088,677</u>	<u>3,222,385</u>	<u>3,304,739</u>	<u>2,986,428</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 3,222,385</u>	<u>\$ 3,304,739</u>	<u>\$ 2,986,428</u>	<u>\$ 3,303,352</u>

**Notes to Schedule:**

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

**Waterford Union High School District**Schedule of Employer Contributions - Health  
Year Ended June 30, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually determined contribution	\$ 165,839	\$ 154,679	\$ 167,917	\$ 194,000
Contributions in relation to the contractually determined contribution	165,839	154,679	167,917	194,000
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Notes to Schedule:**

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are

**Waterford Union High School District**

Schedule of District's Proportionate Share of the Net Pension Liability (Asset) -  
Wisconsin Retirement System  
Year Ended June 30, 2021

<b>WRS Fiscal Year Ending</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
12/31/2014	0.05031197%	\$ (1,235,800)	\$ 7,047,206	17.54%	102.74%
12/31/2015	0.05144258%	835,932	7,553,666	11.07%	98.20%
12/31/2016	0.05191944%	427,940	7,541,834	5.67%	99.12%
12/31/2017	0.05312956%	(1,577,479)	7,763,000	20.32%	102.93%
12/31/2018	0.05299730%	1,885,477	8,114,542	23.24%	96.45%
12/31/2019	0.05260913%	(1,696,358)	8,181,808	20.73%	102.96%
12/31/2020	0.05125693%	(3,200,041)	8,349,441	38.33%	105.26%

**Waterford Union High School District**

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended June 30, 2021

<b>District Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
6/30/2015	\$ 491,909	\$ 491,909	\$ -	\$ 7,126,741	6.90%
6/30/2016	499,887	499,887	-	7,521,183	6.65%
6/30/2017	524,197	524,197	-	7,369,125	7.11%
6/30/2018	510,785	510,785	-	7,681,159	6.65%
6/30/2019	533,963	533,963	-	7,724,260	6.91%
6/30/2020	547,609	547,609	-	7,779,731	7.04%
6/30/2021	587,933	587,933	-	8,203,568	7.17%

**Waterford Union High School District**Schedules of District's Proportionate Share of the Net Opeb Liability - Life  
Year Ended June 30, 2021

<b>Plan Fiscal Year Ending</b>	<b>Proportion of the Net OPEB Liability</b>	<b>Proportionate Share of the Net OPEB Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
12/31/2017	0.14937000%	\$ 449,392	\$ 6,281,436	7.15%	44.81%
12/31/2018	0.14088300%	363,526	7,685,000	4.73%	48.69%
12/31/2019	0.15298600%	651,444	8,041,000	8.10%	37.58%
12/31/2020	0.14841200%	816,373	8,323,000	9.81%	31.36%

**Waterford Union High School District**Schedule of Employer Contributions - Life  
Year Ended June 30, 2021

<b>District Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
6/30/2018	\$ 7,514	\$ 7,514	\$ -	\$ 6,281,436	0.12%
6/30/2019	28,311	28,311	-	7,724,260	0.37%
6/30/2020	18,267	18,267	-	7,779,731	0.23%
6/30/2021	18,638	18,638	-	8,203,568	0.23%

See notes to required supplementary information

**Waterford Union High School District**

Schedule of Changes in the Total Pension Liability and Related Ratios

Single Employer Defined Benefit Pension Plan

Year Ended June 30, 2021

<u>Fiscal Year Ending</u>	<u>Beginning Balance</u>	<u>Changes in Benefit Terms</u>	<u>Ending Balance</u>	<u>Covered Payroll</u>	<u>Total Pension Liability as a Percentage of Covered Payroll</u>
6/30/2020	\$ -	\$ 415,478	\$ 415,478	\$ 3,206,527	12.96%
6/30/2021	415,478	93,575	509,053	3,206,527	15.88%

*See notes to required supplementary information*

# Waterford Union High School District

Notes to Required Supplementary Information  
June 30, 2021

## 1. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C. A budget has been adopted for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes except for the capital projects fund.

Reported budget amounts are as amended by Board of Education resolution. Budgets are adopted at the two digit sub function level in the general fund and at the function level for all other funds. Appropriations lapse at year-end unless specifically carried over.

## 2. Wisconsin Retirement System and Local Retiree Life Insurance Fund

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

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

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

Changes of assumptions. No significant change in assumptions were noted from the prior year in Wisconsin Retirement System. *The Single Discount Rate* assumption used to develop the Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section in the footnotes for additional details in LRLIF.

## 3. OPEB Plan, Health

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

Significant methods and assumptions used in calculating the actuarially determined contribution:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Discount rate	2.25%
Inflation	2.00%

## 4. Single Employer Defined Benefit Pension Plan

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

Significant methods and assumptions used in calculating the actuarially determined contribution:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Discount rate	2.25%
Inflation	2.00%



## **SUPPLEMENTARY INFORMATION**

**Waterford Union High School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Awarding Agency/ Pass-Through Agency/Award Description	Federal Catalog Number	Pass- Through Agency	Pass-Through ID	Accrued Receivable 7/1/2020	Expenditures Grantor Reimbursements	Receipts Grantor Reimbursements	Accrued Receivable 6/30/2021
<b>U.S. Department of Agriculture</b>							
Child Nutrition Cluster:							
Special Milk Program for Children July 1, 2020 - June 30, 2021	10.556	WI DPI	2021-516083-DPI-SMP-548	\$ -	\$ 2,311	\$ 2,311	\$ -
Total U.S. Department of Agriculture				-	2,311	2,311	-
<b>U.S. Department of Education</b>							
Special Education Cluster							
IDEA Flow Through July 1, 2019 - June 30, 2020	84.027	WI DPI	2021-516083-DPI-IDEA-FT-341	82,988	-	82,988	-
July 1, 2020 - June 30, 2021				-	185,339	221,608	46,719
Total Special Education Cluster				82,988	185,339	304,596	46,719
ESEA Title I July 1, 2020 - June 30, 2021	84.10	WI DPI	2021-516083-DPI-TIA-141	-	26,025	26,025	-
COVID 19 - Elementary and Secondary School Emergency Relief July 1, 2020 - June 30, 2021	84.425D	WI DPI	2021-516083-DPI-ESSERF-160	-	40,000	40,000	-
COVID 19 - Elementary and Secondary School Emergency Relief July 1, 2020 - June 30, 2021	84.425D	WI DPI	2022-516083-DPI-ESSERFII-163	-	100,000	100,000	-
Title II, Part A: Teacher and Principal Training and Recruiting Fund July 1, 2020 - June 30, 2021	84.367	WI DPI	2021-516083-DPI-TIIA-365	-	14,269	14,269	-
Title IV-A-Student Support and Acad Enrich Grants July 1, 2019 - June 30, 2020	84.424	WI DPI	2021-516083-DPI-TIV-A-381	-	10,000	10,000	-
Carl Perkins Act Formula Allocation July 1, 2020 - June 30, 2021	84.048	WI DPI	2021-516083-DPI-CTE-400	-	14,016	14,016	-
Total U.S. Department of Education				82,988	389,649	508,906	46,719
<b>U.S. Department of Health and Human Services</b>							
Medicaid Cluster:							
Medical Assistance - School Based Services July 1, 2020 - June 30, 2021	93.778	WI DHS	44242200	-	58,927	58,927	-
Total U.S. Department of Health and Human Services				-	58,927	58,927	-
Total federal awards				\$ 82,988	\$ 450,887	\$ 570,144	\$ 46,719

See notes to schedules of expenditures of federal and state awards

**Waterford Union High School District**Schedule of Expenditures of State Awards  
Year Ended June 30, 2021

<b>Awarding Agency/</b>	<b>ID</b>	<b>Passed</b>	<b>Accrued</b>	<b>Revenues/</b>	<b>Reimbursements</b>	<b>Accrued</b>
	<b>Number</b>	<b>Through</b>	<b>Receivable</b>	<b>Expenditures</b>		<b>Receivable</b>
		<b>Agency ID</b>	<b>7/1/20</b>			<b>6/30/21</b>
<b>Wisconsin Department of Public Instruction</b>						
Special Education and School Age Parents	255.101	LEA-100	\$ -	\$ 1,082,267	\$ 1,082,267	\$ -
Common School Fund Library Aid	255.103	LEA-103	-	35,318	35,318	-
Pupil Transportation Aid	255.107	LEA-102	-	16,136	16,136	-
Equalization Aid	255.201	LEA-116	92,887	6,282,135	6,275,761	99,261
High Cost Special Education Aid	255.210	LEA-119	-	38,058	38,058	-
Aid for School Mental Health Programs	255.227	LEA-176	-	3,147	3,147	-
Supplemental Per Pupil Aid	255.245	LEA-181	-	3,215	3,215	-
Peer Review and Mentoring Grants	255.301	LEA-141	-	2,953	2,953	-
Early College Credit Program	255.445	LEA-178	-	1,342	1,342	-
Educator Effective Eval Sys Grants	255.940	LEA-154	-	7,120	7,120	-
Per Pupil Aid	255.945	LEA-113	-	785,036	785,036	-
Career and Technical Educ Incentive Grants	255.950	LEA-152	-	48,656	48,656	-
Robotics Lead Participation Grants	255.959	LEA-167	-	4,359	4,359	-
Aid for Special Education Transition Grants	255.960	LEA-168	-	11,000	11,000	-
			<u>\$ 92,887</u>	<u>\$ 8,320,742</u>	<u>\$ 8,314,368</u>	<u>\$ 99,261</u>

See notes to schedules of expenditures of federal and state awards

# Waterford Union High School District

Notes to Schedules of Expenditures of Federal and State Awards  
Year Ended June 30, 2021

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## 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the schedules) include the federal and state award activity of the Waterford Union High School District under programs of the federal and state government for the year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of the State Single Audit Guidelines. Because the schedules present only a selected portion of the operations of the Waterford Union High School District, it is not intended to and does not present the financial or position, changes in net position of the Waterford Union High School District.

## 2. Summary of Significant Accounting Policies

The underlying accounting records for grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

## 3. Eligible Costs for Special Education

Eligible costs for special education under project 011 were \$4,271,575 for the year ended June 30, 2021.

## 4. Indirect Cost Rate

The Waterford Union High School District has not elected to use the 10 percent de minimis indirect cost rate of the Uniform Guidance.

## 5. Pass-Through Agencies

The District received federal awards from the following pass-through agencies:

WI DPI  
WI DHS

Wisconsin Department of Public Instruction  
Wisconsin Department of Health Services

## **OTHER AUDITORS' REPORTS**

**Independent Auditors' Report on  
Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

To the Board of Education of  
Waterford Union High School District

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Waterford Union High School District (the 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 6, 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 Waterford Union High School District's internal control.

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

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

**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*.

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

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
December 6, 2021

**Independent Auditors' Report on  
Compliance for Each State Program With  
Required Procedures; Report on Internal Control  
Over Compliance Required by the  
Wisconsin Department of Public Instruction**

To the Board of Education of  
Waterford Union High School District

**Report on Compliance for Each State Program With Required Procedures**

We have audited Waterford Union High School District's (the District) compliance with the types of compliance requirements described in the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction that could have a direct and material effect on each of the District's state programs with required procedures for the year ended June 30, 2021. The District's state programs that have required procedures are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's state programs with required procedures 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 audit requirements of the Wisconsin Department of Public Instruction in the Wisconsin Public School District Audit Manual. Those standards and compliance requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs with required procedures 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 state program with required procedures. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each State Program With Required Procedures***

In our opinion, the Waterford Union High School 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 state programs with required procedures for the year ended June 30, 2021.



## Report on Internal Control Over Compliance

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

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

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

### Purpose of This Report

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

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
December 6, 2021

# Waterford Union High School District

Schedule of Findings and Responses  
Year Ended June 30, 2021

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## Section I - Summary of Auditors' Results

### Financial Statements

Type of report the auditor issued on whether the financial statements audited were in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u> yes	<u>      </u> no
Significant deficiency(ies) identified?	<u>      </u> yes	<u>  X  </u> none reported

Noncompliance material to financial statements noted?        yes   X   no

### State Programs With Required Procedures

Internal control over compliance:

Material weakness(es) identified?	<u>      </u> yes	<u>  X  </u> no
Significant deficiency(ies) identified?	<u>      </u> yes	<u>  X  </u> none reported

Type of auditor's report issued on compliance for state programs with required procedures: Unmodified

Any audit findings disclosed that are required to be reported?        yes   X   no

Identification of state programs with required procedures tested:

<u>State ID Number(s)</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aid

# Waterford Union High School District

Schedule of Findings and Responses

Year Ended June 30, 2021

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## Section II - Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards

### Finding No. 2021-001 - Internal Accounting Controls

*Criteria:* A system of internal controls should be in place to achieve a higher level of reliability that errors or irregularities in the District's processes would be discovered by District staff.

*Condition/context:* The District has internal controls in place to help safeguard the District's assets. During our audit, we noted certain areas where internal controls should be strengthened to ensure that assets are properly safeguarded and ensure accurate financial reporting.

#### Controls Over Payroll

Persons preparing the payroll are not independent of other personnel duties or restricted from access to the payroll account.

#### Controls Over Financial Reporting

Account reconciliations should be performed by someone independent of the processing of transactions in the account

*Cause:* Due to its size, the District does not have an adequate number of employees needed to implement the ideal controls over these transaction cycles.

*Effect:* Internal controls that are not in place create a greater risk for both intentional and unintentional errors.

*Recommendation:* The District may consider and implement additional internal controls over its accounting processes to reduce the risk of misstatements to the financial records.

*District response and corrective action plan:* Management is in agreement with noted improvements and will evaluate and determine the most appropriate method to address these items.

# Waterford Union High School District

Schedule of Findings and Responses  
Year Ended June 30, 2021

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## **Section II - Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards**

### **Finding No. 2021-002 - Internal Control Over Financial Reporting**

*Criteria:* Auditing Standards require the communication to the Board of significant deficiencies and material weaknesses in the year-end financial reporting process.

*Condition/context:* The District's personnel do not have the necessary technical expertise in governmental accounting and reporting to prepare the District's financial statements in accordance with generally accepted accounting principles. The District has contracted with its auditing firm to perform this service.

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

*Recommendation:* Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional cost that would be required to remedy the current condition.

*District response and corrective action plan:* Although management does not prepare the financial statements or schedule of expenditures of federal and state awards, draft copies of these reports are reviewed and approved prior to their issuance by management. Currently, management has not implemented controls to evaluate and determine whether the financial statements or the schedule of expenditures of federal and state awards conform to the requirements of accounting principles generally accepted in the United States of America, Uniform Grant Guidance or the *State Single Audit Guidelines*. As such, management will continue to rely on the auditors to assist in preparing the District's financial statements and schedule of expenditures of federal and state awards.

## **Section III - State Programs With Required Procedures Compliance Findings**

None.