

GILLETT SCHOOL DISTRICT

Annual Financial Report

June 30, 2021

GILLETT SCHOOL DISTRICT

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Independent Auditors' Report

To the Board of Education
Gillett School District
Gillett, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

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

To the Board of Education
Gillett School District

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 Gillett School District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in total OPEB liability and related ratios - other post-employment benefits, schedule of revenues, expenditures and change in fund balance – budget and actual – general fund, and schedule of revenues, expenditures, and change in fund balance – budget and actual – cooperative program fund on pages 37 through 44 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. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gillett School District's basic financial statements. The combining balance sheet – nonmajor governmental funds, the combining statement of revenues, expenditures and changes in fund balances – nonmajor funds, combining schedule of internal general and special education funds – balance sheet, and combining schedule of internal general and special education funds – statement of revenues, expenditures and changes in fund balances are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by *Wisconsin State Single Audit Guidelines* and the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction and is also not a required part of the basic financial statements.

To the Board of Education
Gillett School District

Supplementary Information (Continued)

The combining balance sheet – nonmajor governmental funds, the combining statement of revenues, expenditures and changes in fund balances – nonmajor funds, combining schedule of internal general and special education funds – balance sheet, combining schedule of internal general and special education funds – statement of revenues, expenditures and changes in fund balance, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining balance sheet – nonmajor governmental funds, the combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds, combining schedule of internal general and special education funds – balance sheet, combining schedule of internal general and special education funds – statement of revenues, expenditures and changes in fund balance, schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of Gillett School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gillett School District's internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
December 14, 2021

FINANCIAL STATEMENTS

GILLETT SCHOOL DISTRICT
District-Wide Statement of Net Position
As of June 30, 2021

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 1,777,784
Investments	403,774
Receivables:	
Taxes	911,050
Accounts	1,919
Due from State Government	61,471
Due from Federal Government	197,775
Due from Other Governments	7,138
Prepaid Expenses	450
Total Current Assets	3,361,361
Noncurrent Assets	
Land	77,425
Land Improvements	580,340
Buildings and Building Improvements	13,124,317
Furniture and Equipment	1,576,277
Less: Accumulated Depreciation	(7,963,207)
Total Capital Assets	7,395,152
Net Pension Asset	1,430,303
Total Noncurrent Assets	8,825,455
TOTAL ASSETS	12,186,816
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	2,270,355
Deferred Outflows of Resources Related to Other Post-Employment Benefits	177,504
Total Deferred Outflows of Resources	2,447,859
LIABILITIES	
Current Liabilities	
Accounts Payable	190,822
Accrued Liabilities:	
Payroll, Payroll Taxes, Insurance	313,019
Interest	33,208
Unearned Revenue	42,790
Current Portion of Long-Term Obligations	854,047
Total Current Liabilities	1,433,886
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Obligations	4,193,618
TOTAL LIABILITIES	5,627,504
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pension	3,134,659
Deferred Inflows of Resources Related to Other Post-Employment Benefits	186,218
Total Deferred Inflows of Resources	3,320,877
NET POSITION	
Net Investment in Capital Assets	4,095,577
Restricted	1,867,697
Unrestricted (Deficit)	(276,980)
TOTAL NET POSITION	\$ 5,686,294

See Accompanying Notes

GILLETT SCHOOL DISTRICT
 District-Wide Statement of Activities
 For the Year Ended June 30, 2021

	Expenses	Charges For Services	Program Revenues		Net (Expense) Revenue and Change in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction					
Regular Instruction	\$ 2,270,308	\$ 12,777	\$ 448,053	\$ -	\$ (1,809,478)
Vocational Instruction	288,661	-	9,229	-	(279,432)
Physical Instruction	207,726	-	-	-	(207,726)
Special Instruction	1,032,548	104	610,015	-	(422,429)
Other Instruction	209,696	45,302	-	-	(164,394)
Total Instruction	4,008,939	58,183	1,067,297	-	(2,883,459)
Support Services					
Pupil Services	431,726	-	-	-	(431,726)
Instructional Staff Services	445,675	51,028	50,489	-	(344,158)
General Administration Services	233,136	-	-	-	(233,136)
School Building Administration Services	374,562	4,200	-	-	(370,362)
Business Administration Services	1,267,211	-	232,360	90,141	(944,710)
Central Services	44,802	-	-	-	(44,802)
Insurance	72,509	-	-	-	(72,509)
Other Support Services	349,086	-	-	-	(349,086)
Community Services	22,419	1,930	-	-	(20,489)
Food Service Operations	228,269	1,976	283,746	-	57,453
Scholarships	20,515	-	15,290	-	(5,225)
Interest on Debt and Other Fiscal Charges	114,914	-	-	-	(114,914)
Depreciation - Unallocated	305,661	-	-	-	(305,661)
Total Support Services	3,910,485	59,134	581,885	90,141	(3,179,325)
Non-Program Transactions					
Open Enrollment	581,189	271,946	-	-	(309,243)
Non-Open Enrollment	143,369	-	-	-	(143,369)
Total Non-Program Transactions	724,558	271,946	-	-	(452,612)
Total Governmental Activities	\$ 8,643,982	\$ 389,263	\$ 1,649,182	\$ 90,141	(6,515,396)
GENERAL REVENUES					
Property Taxes:					
General Purpose					
Debt Service					
Community Services					
State Aid not Restricted to					
Specific Functions:					
Equalization Aid					
Per Pupil Aid					
Exempt Computer Aid					
Sparsity Aid					
High Poverty Aid					
Interest and Investment Earnings					
Miscellaneous					
Total General Revenues					
CHANGE IN NET POSITION					
NET POSITION - BEGINNING OF YEAR - AS RESTATED					
NET POSITION - END OF YEAR					
					\$ 5,686,294

GILLETT SCHOOL DISTRICT

Balance Sheet
Governmental Funds
As of June 30, 2021

	General Fund	Debt Service Fund	Special Revenue Trust Fund	Cooperative Program Fund
ASSETS				
Cash	\$ 1,177,259	\$ 122,284	\$ 145,686	\$ 36,968
Investments	-	-	403,774	-
Receivables:				
Taxes	911,050	-	-	-
Accounts	877	-	1,042	-
Due from State Government	61,471	-	-	-
Due from Federal Government	185,473	-	-	-
Due from Other Governments	7,138	-	-	-
Due from Other Fund	-	-	-	-
Prepaid Expenditures	450	-	-	-
Total Assets	\$ 2,343,718	\$ 122,284	\$ 550,502	\$ 36,968
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 183,595	\$ -	\$ 682	\$ -
Accrued Liabilities:				
Payroll, Payroll Taxes and Insurance	313,019	-	-	-
Unearned Revenue	-	-	-	36,968
Due to Other Fund	313,770	-	-	-
Total Liabilities	810,384	-	682	36,968
Fund Balances				
Nonspendable				
Prepaid Expenditures	450	-	-	-
Restricted for:				
Self-Funded Insurance	53,463	-	-	-
Debt Service	-	122,284	-	-
Capital Projects	-	-	-	-
Donor Intentions	-	-	549,820	-
Food Service	-	-	-	-
Community Service Fund	-	-	-	-
Unassigned	1,479,421	-	-	-
Total Fund Balances	1,533,334	122,284	549,820	-
Total Liabilities and Fund Balances	\$ 2,343,718	\$ 122,284	\$ 550,502	\$ 36,968

Long-Term Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 198,700	\$ 96,887	\$ 1,777,784
-	-	403,774
-	-	911,050
-	-	1,919
-	-	61,471
-	12,302	197,775
-	-	7,138
313,770	-	313,770
-	-	450
<u>\$ 512,470</u>	<u>\$ 109,189</u>	<u>\$ 3,675,131</u>

\$ -	\$ 6,545	\$ 190,822
-	-	313,019
-	5,822	42,790
-	-	313,770
<u>-</u>	<u>12,367</u>	<u>860,401</u>

-	-	450
-	-	53,463
-	-	122,284
512,470	-	512,470
-	-	549,820
-	56,326	56,326
-	40,496	40,496
-	-	1,479,421
<u>512,470</u>	<u>96,822</u>	<u>2,814,730</u>
<u>\$ 512,470</u>	<u>\$ 109,189</u>	<u>\$ 3,675,131</u>

GILLETT SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2021

Total Fund Balances - Governmental Funds \$ 2,814,730

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

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

Capital Assets	15,358,359	
Accumulated Depreciation	<u>(7,963,207)</u>	7,395,152

Long-term assets are not available; therefore, are not reported in the funds:

Net Pension Asset		1,430,303
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Deferred outflows and inflows of resources are a consumption or acquisition of net position that applies to future periods and will not be recognized as an outflow or inflow of resources until then. Deferred outflows and inflows are reported in the statement of net position and are not reported in the fund balance sheet.

Deferred Outflows of Resources Related to Other Post-Employment Benefits	177,504	
Deferred Outflows of Resources Related to Pension	2,270,355	
Deferred Inflows of Resources Related to Pension	(3,134,659)	
Deferred Inflows of Resources Related to Other Post-Employment Benefits	<u>(186,218)</u>	(873,018)

Certain liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Certain liabilities reported in the statement of net position that are not reported in the funds balance sheet:

Bonds and Notes	(3,317,389)	
Premium on Notes	(36,575)	
Accrued Interest on General Obligation Debt	(33,208)	
Post-Employment Benefits	(1,647,657)	
Vested Employee Benefits	<u>(46,044)</u>	<u>(5,080,873)</u>

Total Net Position - Governmental Activities \$ 5,686,294

GILLETT SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Debt Service Fund	Special Revenue Trust Fund	Cooperative Program Fund
REVENUES				
Property Taxes	\$ 2,410,136	\$ 754,792	\$ -	\$ -
Other Local Sources	116,500	1,698	168,177	-
Interdistrict	282,512	-	-	51,028
Intermediate Sources	33,823	-	-	-
State Sources	5,169,817	-	-	-
Federal Sources	657,982	-	-	-
Other Sources	26,681	-	32,962	-
Total Revenues	<u>8,697,451</u>	<u>756,490</u>	<u>201,139</u>	<u>51,028</u>
EXPENDITURES				
Instruction:				
Regular Instruction	2,418,744	-	9,437	-
Vocational Instruction	300,188	-	-	-
Physical Instruction	222,691	-	1,000	-
Special Instruction	1,098,252	-	-	-
Other Instruction	169,676	-	34,916	-
Total Instruction	<u>4,209,551</u>	<u>-</u>	<u>45,353</u>	<u>-</u>
Support Services:				
Pupil Services	449,695	-	-	-
Instructional Staff Services	419,031	-	-	49,468
General Administration Services	248,028	-	-	-
School Building Administration Services	400,375	-	-	-
Business Administration Services	1,387,390	-	1,600	-
Central Services	48,726	-	1,955	-
Insurance	72,509	-	-	-
Community Services	-	-	-	-
Food Service Operations	-	-	-	-
Scholarships	-	-	20,515	-
Debt Service				
Principal	-	4,229,550	-	-
Interest and Fiscal Charges	-	149,990	-	-
Other Support Services	425,378	-	-	-
Total Support Services	<u>3,451,132</u>	<u>4,379,540</u>	<u>24,070</u>	<u>49,468</u>
Non-Program Transactions:				
Open Enrollment	581,189	-	-	-
Non-Open Enrollment	143,369	-	-	-
Total Non-Program Transactions	<u>724,558</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>8,385,241</u>	<u>4,379,540</u>	<u>69,423</u>	<u>49,468</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>312,210</u>	<u>(3,623,050)</u>	<u>131,716</u>	<u>1,560</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bonds	-	3,585,000	-	-
Bond Premium	-	36,575	-	-
Transfer (to) from General Fund	-	-	-	(1,560)
Transfer to Long-Term Capital Projects Fund	(313,770)	-	-	-
Transfer from Cooperative Fund	1,560	-	-	-
Total Other Financing Sources (Uses)	<u>(312,210)</u>	<u>3,621,575</u>	<u>-</u>	<u>(1,560)</u>
NET CHANGE IN FUND BALANCES	-	(1,475)	131,716	-
FUND BALANCES - BEGINNING OF YEAR - AS RESTATED	1,533,334	123,759	\$ 418,104	-
FUND BALANCES - END OF YEAR	<u>\$ 1,533,334</u>	<u>\$ 122,284</u>	<u>\$ 549,820</u>	<u>\$ -</u>

<u>Long-Term Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 45,000	\$ 3,209,928
-	3,905	290,280
-	-	333,540
-	-	33,823
-	3,542	5,173,359
-	280,205	938,187
762	-	60,405
<u>762</u>	<u>332,652</u>	<u>10,039,522</u>
-	-	2,428,181
-	-	300,188
-	-	223,691
-	-	1,098,252
-	-	204,592
-	-	<u>4,254,904</u>
-	-	449,695
-	-	468,499
-	-	248,028
-	-	400,375
-	1,843	1,390,833
-	-	50,681
-	-	72,509
-	22,419	22,419
-	229,396	229,396
-	-	20,515
-	-	4,229,550
-	-	149,990
-	-	425,378
-	<u>253,658</u>	<u>8,157,868</u>
-	-	581,189
-	-	143,369
-	-	724,558
-	<u>253,658</u>	<u>13,137,330</u>
762	78,994	(3,097,808)
-	-	3,585,000
-	-	36,575
313,770	-	312,210
-	-	(313,770)
-	-	1,560
<u>313,770</u>	<u>-</u>	<u>3,621,575</u>
314,532	78,994	523,767
197,938	17,828	2,290,963
<u>\$ 512,470</u>	<u>\$ 96,822</u>	<u>\$ 2,814,730</u>

GILLETT SCHOOL DISTRICT

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

Net Change in Fund Balances - Total Governmental Funds		\$ 523,767
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	222,027	
Depreciation expense reported in the statement of activities	<u>(444,869)</u>	
Amount by which depreciation is more than capital outlay in the current period.		(222,842)
The District disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation resulting in a loss which is reported on the statement of activities and has no affect on the governmental funds.		
The amount of capital assets disposed of during the year	(204,556)	
The amount of depreciation recapture for the year	<u>204,485</u>	(71)
Pensions are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
		412,148
Other post-employment benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
		46,186
Compensated absences are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Compensated absences paid in current year	27,718	
Compensated absences earned in current year	<u>(34,418)</u>	
Amounts paid are less than amounts earned by		(6,700)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of long-term debt principal payments in the current year		4,229,550
Debt issued by governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.		
		(3,585,000)
Bond premium is allocated over the period the debt is outstanding and is reported as amortization expense in the statement of activities.		
Issuance of Bond Premium	(36,575)	
Amortization of Bond Premium	<u>42,955</u>	6,380
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.		
The amount of interest paid during the current period	149,990	
The amount of interest accrued during the current period	<u>(157,868)</u>	
Interest paid is more than interest accrued by		<u>(7,878)</u>
Change in Net Position - Governmental Activities		<u>\$ 1,395,540</u>

GILLETT SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
As of June 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash	\$ 40,289
LIABILITIES	
Accounts Payable	<u>605</u>
NET POSITION	
Restricted for Student Activities	<u>\$ 39,684</u>

GILLETT SCHOOL DISTRICT
Statement of Change in Fiduciary Net Position
For the Year Ended June 30, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Student Fundraising	\$ <u>22,561</u>
DEDUCTIONS	
Student Activities	\$ <u>43,065</u>
CHANGE IN NET POSITION	(20,504)
NET POSITION - BEGINNING - AS RESTATED	<u>60,188</u>
NET POSITION - ENDING	<u>\$ <u>39,684</u></u>

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Gillett School District (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements. The more significant accounting policies established by GAAP and used by the District are discussed below.

Nature of Operations

The Gillett School District is organized as a unified school district. The District, governed by a seven-member elected school board, operates grades Kindergarten through 12 and is comprised of all or parts of nine taxing districts.

The accompanying financial statements present the activities of the Gillett School District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

District-Wide Financial Statements

The district-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

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. Program revenues include 1) charges to students or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) operating and capital grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary fund, 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.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are identified as either general, special revenue, debt service, or capital projects based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital Projects Funds

Capital project funds are used to account for financial resources to be used for acquisition or construction of major capital expenditures.

Fiduciary Fund (Not included in district-wide statements)

Custodial Fund

Custodial fund is used to account for assets held by the District as a custodian for various student organizations.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Major Funds

The District reports the following major governmental funds:

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

Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

Cooperative Program Fund – This fund accounts for the activities associated with the TRITON program, which it has with various districts.

Long-Term Capital Projects Fund – This fund accounts for contributions from the general fund for future long-term capital improvement plan expenditures.

Special Revenue Trust Fund – This fund accounts for funds from private gifts and donations from private parties and student activities.

Non-Major Funds

The District reports the following non-major funds:

Food Service Fund – This fund accounts for the activities associated with the District's hot lunch and breakfast programs.

Community Service Fund – This fund accounts for the activities related to the community recreation programs.

The District has adopted GASB Statement No. 84, *Fiduciary Activities* for the year ended June 30, 2021. This statement revised the definition of fiduciary activities that may be and must be reported as fiduciary funds. The criteria provided focus on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four types of fiduciary funds that could be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. As a result of adopting this statement, the District reclassified Scholarship Fund activity to be reported in the governmental funds. Specifically, this activity will be reported prospectively in the District's Special Revenue Trust Fund.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

Cash

The District's cash is considered to be cash on hand, demand deposits, and time deposits with financial institutions and are carried at cost. Cash balances for individual funds are pooled unless maintained in segregated accounts.

Investments

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

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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 District does not have any investments that are measured using Level 2 or Level 3 inputs.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Property Taxes

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or “equalized” taxable property values. As permitted by a collecting municipality’s ordinance, taxes may be paid in full or in two or more installments with the first installment payable by the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the twentieth of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

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

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Accounts Receivable

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

Capital Assets

Capital assets are reported at actual or estimated historical cost, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated acquisition value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows: assets with an initial individual cost of \$5,000 or higher and an estimated useful life in excess of one year. All depreciable capital assets are depreciated on a straight-line basis with estimated useful lives for land improvements and buildings and improvements of 15-40 years and furniture and equipment of 5-10 years.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

In the fund statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental funds upon acquisition.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Pension and Other Post-Employment Benefits

Pension. For purposes of measuring the net pension 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 the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB). The total OPEB liability of the District's single-employer other post-employment benefit plan has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. The plan has no assets and benefits are paid on a pay-as-you go basis.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Principal payments are recorded against the liability and interest payments are recorded as current expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments and interest payments are recorded as current expenditures in the governmental funds.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are a consumption of net position by the District that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the District that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses and revenues are deferred until the future periods to which the outflows and inflows are applicable. See Note 7 for deferred outflows and inflows of resources related to pension and Note 8 for OPEB.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with available expendable financial resources are recorded during the year as expenditures in the appropriate governmental fund types. If they are not liquidated with available expendable financial resources, a liability is recorded in the district-wide statement of net position. The related expenditure is recognized when the liability is liquidated. There were no significant claims or judgments at year-end.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Equity Classifications

District-Wide Statements

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

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted component of net position – Consists of resources with constraints placed on the 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.
- Unrestricted component of net position – Net amount that does not meet the definition 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 Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to yearend; however, the amount can be determined in the subsequent period. The School Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the School Board for a specific intended purpose. The Board has not delegated that authority. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance since each fund established and activities therein are reviewed by the Board.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

The District, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Note 2 – Cash and Investments

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

The District is required to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust with a company maturity in three years or less.
- 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, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant resolutions of the District. At June 30, 2021 the bank balance of cash was \$1,849,021. The District maintains its cash accounts at several financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and \$250,000 for the combined amount of all interest and non-interest-bearing demand deposit accounts.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 2 – Cash and Investments (Continued)

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governments. This coverage has not been considered in computing the uninsured deposits below.

The following represents a summary of deposits as of June 30, 2021:

Fully Insured Deposits	\$ 474,585
Collateralized with securities held by the pledging financial institution in the District's name	<u>1,374,436</u>
Total	<u>\$ 1,849,021</u>

For all deposits shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at June 30, 2021.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

- Level 1 – Valuation for assets are from quoted prices in active markets. These valuations are obtained from readily available pricing sources for market transactions involving identical assets.
- Level 2 – Valuation for assets are from less active markets. These valuations are obtained from third party pricing services for identical or similar assets.
- Level 3 – Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations. These valuations incorporate certain assumptions and projections in determining fair value assigned to such assets.

As of June 30, 2021 the District had the following investments in its special revenue trust fund:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	<u>\$403,774</u>	<u>\$403,774</u>

Credit Risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations in the District's governmental activities. The District's investment policy does not further limit its investment choices. State law does not limit the investments for special revenue trust fund. As of June 30, 2021, the District's investments in its special revenue trust fund are in mutual funds which are not rated.

Concentration of Credit Risk – The District placed no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in mutual funds. These investments are 100% of the District's total investments.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 3 – Interfund Receivable, Payable, and Transfers

Interfund receivable and payable at June 30, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Long-Term Capital Projects	General Fund	\$ 313,770	Contribution to Capital Projects

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

<u>Transfer From:</u>	<u>Transfer To:</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Long-Term Capital Projects Fund	\$ 313,770	Contribution to Capital Projects
Cooperative Fund	General Fund	1,560	District's Share of TRITON Fees
		<u>\$ 315,330</u>	

Note 4 – Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not Being Depreciated:				
Land	\$ 62,425	\$ 15,000	\$ -	\$ 77,425
Construction in Progress	159,434	-	159,434	-
Total Capital Assets Not Being Depreciated	<u>221,859</u>	<u>15,000</u>	<u>159,434</u>	<u>77,425</u>
Capital Assets Being Depreciated				
Land Improvements	580,340	-	-	580,340
Buildings and Improvements	12,793,365	330,952	-	13,124,317
Furniture and Equipment	1,745,324	35,509	204,556	1,576,277
Total Capital Assets Being Depreciated	<u>15,119,029</u>	<u>366,461</u>	<u>204,556</u>	<u>15,280,934</u>
Less Accumulated Depreciation For:				
Land Improvements	(388,597)	(22,979)		(411,576)
Buildings and Improvements	(5,843,656)	(365,523)	-	(6,209,179)
Furniture and Equipment	(1,490,570)	(56,367)	(204,485)	(1,342,452)
Total Accumulated Depreciation	<u>(7,722,823)</u>	<u>(444,869)</u>	<u>(204,485)</u>	<u>(7,963,207)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>7,396,206</u>	<u>(78,408)</u>	<u>71</u>	<u>7,317,727</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,618,065</u>	<u>\$ (63,408)</u>	<u>\$ 159,505</u>	<u>\$ 7,395,152</u>

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 4 – Capital Assets (Continued)

Depreciation expense for fiscal year ended June 30, 2021 amounted to \$444,869 and was charged to the following functions:

Instruction:	
Regular	\$ 14,241
Vocational	8,126
Special	4,323
Other	10,936
Support Services:	
Business Services	87,180
Operations and Maintenance	3,560
Central Services	2,138
Food Service	6,005
Other Support Services	2,699
Unallocated	305,661
Total Depreciation Expense	<u>\$ 444,869</u>

Note 5 – Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2021:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Amount Due</u> <u>Within One</u> <u>Year</u>
Governmental Activities					
Direct Placements					
General Obligation -					
Refunding Bonds	\$ -	\$ 3,585,000	\$ 322,000	\$ 3,263,000	\$ 629,000
Promissory Notes	3,855,000	-	3,855,000	-	-
State Trust Fund Loan	106,939	-	52,550	54,389	54,389
Total General Obligation Debt	<u>3,961,939</u>	<u>3,585,000</u>	<u>4,229,550</u>	<u>3,317,389</u>	<u>683,389</u>
Issuance Premium	42,955	-	6,380	36,575	-
Compensated Absences	39,344	34,418	27,718	46,044	30,826
Post-Employment Benefits	1,539,431	154,412	46,186	1,647,657	139,832
Total Governmental Activity					
Long-Term Liabilities	<u>\$ 5,583,669</u>	<u>\$ 3,773,830</u>	<u>\$ 4,309,834</u>	<u>\$ 5,047,665</u>	<u>\$ 854,047</u>

Total interest expense for the year ended June 30, 2021 was \$149,990 for general obligation debt.

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

	<u>Issue</u> <u>Dates</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>6/30/21</u>
2012 State Trust Loan	06/12/12	03/15/22	3.50%	\$ 472,016	\$ 54,389
2020 General Obligation Refundir	11/23/20	03/01/27	3.00%	3,585,000	3,263,000
Total Long-Term Obligations					<u>\$ 3,317,389</u>

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 5 – Long-Term Obligations (Continued)

The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Deduct long-term debt applicable to debt margin	\$ 3,317,389	
Less: Amounts available for financing general obligation debt		
Debt service fund net of accrued interest	<u>89,076</u>	<u>3,228,313</u>
Margin of Indebtedness		<u>\$ 30,221,946</u>

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 683,389	\$ 48,437	\$ 731,826
2023	641,000	33,954	674,954
2024	649,000	21,134	670,134
2025	658,000	14,644	672,644
2026	341,000	8,064	349,064
2027	<u>345,000</u>	<u>4,313</u>	<u>349,313</u>
	<u>\$ 3,317,389</u>	<u>\$ 130,546</u>	<u>\$ 3,447,935</u>

Compensated absences and post-employment benefits are excluded from the above cash flow requirements because repayment schedules have not been determined.

Current Refunding

During the year, the District current refunded general obligation promissory notes issued March 3, 2015 and December 27, 2017. The balances on the 2015 and 2017 general obligation promissory notes were \$1,260,000 and \$2,300,000, respectively. The current refunding was undertaken to reduce its total debt service payments by \$41,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$131,366.

Other Debt Information

The District's outstanding debt from direct borrowings and direct placements related to governmental-type activities contain event of default and/or termination provisions with possible finance-related consequences. District management has evaluated the event of default and/or termination provisions with possible finance-related consequences and in the opinion of District management, the likelihood is remote that these provisions will have a significant effect on the District's financial position or results of operations.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 6 – Net Position

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

Net Investment in Capital Assets	
Net Capital Assets	\$ 7,395,152
Less: Related Long-Term Outstanding	
2020 General Obligation Bonds	(3,263,000)
Issuance Premium	(36,575)
Net Investment in Capital Assets	<u>4,095,577</u>
Restricted	
Debt Service	89,076
Insurance	53,510
Food Service	56,326
Special Purpose - Donor Intentions	42,442
Special Purpose - Student Activities	507,378
Capital Projects	512,470
Pension	565,999
Community Service Activities	40,496
Total Restricted	<u>1,867,697</u>
Unrestricted (Deficit)	<u>(276,980)</u>
Total District-Wide Net Position	<u>\$ 5,686,294</u>

The state trust loan dated June 12, 2012 with a balance of \$54,389 was used to refinance the Wisconsin Retirement Unfunded Liability and not for capital assets.

Note 7 – Defined Benefit Pension Plan

General Information About the Pension Plan

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

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

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

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

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

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

During the reporting period, the WRS recognized \$261,654 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%

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

At June 30, 2021 the District reported an asset of \$1,430,303 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 0.02291001%, which was a decrease of 0.00009951% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension income of \$150,074.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 2,070,088	\$ 445,893
Changes in assumptions	32,442	-
Net differences between projected and actual investment earnings on pension plan investments	-	2,685,279
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	6,099	3,487
Employer contributions subsequent to the measurement date	161,726	-
Total	<u>\$ 2,270,355</u>	<u>\$ 3,134,659</u>

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

The \$161,726 reported as deferred outflows related to pension resulting from the District contributions subsequent to the measurement date will be recognized as an adjustment to the net pension asset in the year ending 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:

Year Ending June 30,	Net Deferred Outflows of Resources
2022	\$ (261,990)
2023	(70,399)
2024	(487,083)
2025	(206,558)
	<u>\$ (1,026,030)</u>

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

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

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

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

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

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

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

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Total Core Fund	115.0% *	6.6%	4.1%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0%	7.1%	4.6%

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

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

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

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension 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:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,361,450	\$ (1,430,303)	\$ (3,480,826)

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

Payables to the Pension Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2021 is \$98,128.

Note 8 – Post-Employment Benefits Other Than Pension Benefits

Plan Description and Contribution Information. The Gillett School District operates a single-employer retiree benefit plan that provides post-employment health and dental insurance benefits to eligible employees. This plan is described below:

Teaching Staff. The District provides post-employment health, dental and life insurance benefits to any teachers who have reached the age of 55 and taught at least 15 years in the District. The District contributes towards medical and dental premiums equal to an amount made on behalf of active employees for a period up to 4 years based upon years of services as of July 1, 2012. Retirees may elect to continue their life insurance plan provided they contract the provider and self-pay the full amount (100%) of the premiums.

Teachers retired prior to July 1, 2012, receive continued medical and/or long-term care coverage subsidized by the District for a period up to 4 years.

Superintendent. The District also provides post-employment health and dental benefits to the superintendent who has reached the age of 55 and is eligible for retirement under the Wisconsin Retirement System after an accumulated 3 years of service. The District contributes 88% of medical premiums and 100% of dental premiums for a period of 2 years, plus an additional year for each successive 2 years of service, but to not exceed a total of 4 years.

Elementary School Principal and Secondary Principal. The District also provides post-employment health and dental benefits to the elementary school principal and pupil services director. These individuals must reach the age of 55 and have 15 years of service. The District contributes towards medical and dental premiums equal to an amount made on behalf of active employees frozen at the time of retirement for a period of 4 years.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 8 – Post-Employment Benefits Other Than Pension Benefits (Continued)

Support Staff (Year-Round includes Aides, Bookkeeper, Food Service, Nurse, Custodians, Speech Therapist, and Secretaries). The District also provides post-employment health and dental benefits to eligible support staff that are year-round employees. Any support staff member hired prior to July 1, 2007, who has reached the age of 55 and provided 15 years of service receives medical and dental premiums equal to an amount made on behalf of active employees for a period of 3 years. Year-round support staff shall receive the benefit for 4 years. If the period between retirement and Medicare eligibility is longer than 36/48 months, the retiree shall choose the 3-year/4-year period for which they wish to have contributions paid on their behalf. Support staff (year-round and school year) retired prior to July 1, 2012 receive continued medical insurance 100% paid by the District.

Upon retirement, retirees may choose to self-pay the full (100%) amount of premiums to remain on the District's medical plan only for the duration of COBRA.

The actuarial cost method utilized was the entry age normal – level percentage of salary method. The valuation date and measurement date used of June 30, 2020. The actuarial assumptions included a 2.25% discount rate for valuing liabilities, a 2.25% municipal bond rate and a 2.00% assumed rate of inflation.

Benefits Provided. The Plan provides post-employment health and dental benefits to eligible teachers, administration, and support staff.

Employees Covered by the Benefit Terms. At June 30, 2020, the actuarial valuation measurement date, the District's membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	92
	<u>102</u>

Contributions. The District has not established a trust or equivalent arrangement to fund its OPEB liability. Health premiums related to retirees are paid as they come due.

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

Inflation	2.00%
Salary Increases	3.00%
Discount Rate	2.25%
Healthcare Cost Trend Rates	6.50% decreasing by 0.50% per year down to 5.50%, then by 0.10% per year down to 5.0%, and level thereafter.

Mortality rates were based on the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study conducted in 2018 using experience from 2015-2017.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 8 – Post-Employment Benefits Other Than Pension Benefits (Continued)

Discount Rate. The discount rate used to measure the total OPEB liability was 2.25 percent as of the actuarial measurement date of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from the District will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

As of the measurement date of June 30, 2020, the discount rate was changed to 2.25 percent to be reflective of a 20-year AA municipal bond rate.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/19	<u>\$ 1,539,431</u>
Changes for the year:	
Service Cost	61,237
Interest	54,303
Differences Between Expected and Actual Experience	14,357
Changes of Assumptions or Other Input	15,392
Benefit Payments	<u>(37,063)</u>
Net Changes	<u>108,226</u>
Balance at 6/30/20	<u><u>\$ 1,647,657</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the District’s total OPEB liability calculated using the discount rate of 2.25 percent, as well as what the total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate.

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB Liability	<u>\$ 1,703,088</u>	<u>\$ 1,647,657</u>	<u>\$ 1,592,794</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the District’s total OPEB liability calculated using the current healthcare cost trend rate of 6.50 percent decreasing to 5.00 percent, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.50 percent decreasing to 6.0 percent) than the current rate.

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rate (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 1,573,542</u>	<u>\$ 1,647,657</u>	<u>\$ 1,726,990</u>

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 8 – Post-Employment Benefits Other Than Pension Benefits (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$93,647.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 12,763	\$ 134,774
Changes in assumptions	24,909	51,444
Employer contributions subsequent to the measurement date	139,832	-
Total	<u>\$ 177,504</u>	<u>\$ 186,218</u>

The \$139,832 reported as deferred outflows of resources related to OPEB resulting from the OPEB contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2022	\$ (21,893)
2023	(21,893)
2024	(21,893)
2025	(21,893)
2026	(21,893)
Thereafter	(39,081)
	<u>\$ (148,546)</u>

Payable to the OPEB Plan. At June 30, 2021, the District had no outstanding contributions payable to the plan.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 9 – Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount has been approved by a referendum.

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

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

Note 10 – 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; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the District purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

Dental Self-Insurance

At June 30, 2021, the District has reported liability of \$18,245, which represents reported and unreported claims which were incurred on or before June 30, 2021, but were not paid by the District as of that date.

The plan consists of payments to a third-part administrator for dental claims and administrative fees. At June 30, 2021 the District has reported expenditures of \$111,937, which consists of \$106,647 for dental claims and \$5,290 for administrative fees.

	Beginning - of- Fiscal - Year Liability	Current-Year Funding	Claim Payments	Balance At Fiscal Year End
2018-2019	\$ 17,129	\$ 96,913	\$ 97,299	\$ 16,743
2019-2020	16,743	93,544	91,995	18,292
2020-2021	18,292	111,937	111,984	18,245

The self-funded dental insurance plan has been considered immaterial to the District as a whole, therefore no actuarial certification was performed.

GILLETT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Note 11 – Commitments and Contingencies

The District has a service agreement for transportation services to be provided to the District for the 2021-2022 school year of approximately \$430,000.

The District has a service agreement for educational services to be provided to the District for the 2021-2022 school year of approximately \$191,000.

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

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2021, are not likely to have a material adverse impact on the District's financial position.

Note 12 – Upcoming Accounting Pronouncement

GASB Statement No. 87, Leases

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The pronouncement will be effective for year ending June 30, 2022.

The District is currently evaluating the impact these standards will have on the financial statements when adopted.

Note 13 – Cumulative Effect of Change in Accounting Principle

As a result of the District implementing GASB Statement No. 84, the Special Revenue Trust fund balance, District-wide net position, and fiduciary fund net position has been restated as of June 30, 2020. The following is a summary of the changes in net position and fund balance at June 30, 2020.

	<u>District-Wide</u>	<u>Special Revenue Trust Fund</u>
Net Position/Fund Balance - as of June 30, 2020	\$ 3,915,092	\$ 42,442
Implementation of GASB 84	375,662	375,662
Net Position/Fund Balance - as restated June 30, 2020	<u>\$ 4,290,754</u>	<u>\$ 418,104</u>
	<u>Custodial Fund</u>	
Fiduciary Net Position - as of June 30, 2020	\$ -	
Implementation of GASB 84	60,188	
Fiduciary Net Position - as restated June 30, 2020	<u>\$ 60,188</u>	

REQUIRED SUPPLEMENTARY INFORMATION

GILLETT SCHOOL DISTRICT
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

Schedule of Proportionate Share of the Net Pension (Asset) Liability

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net Pension (Asset)/Liability	District's Proportionate Share of the Net Pension (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability
12/31/2021	0.02291001%	\$ (1,430,303)	\$ 3,775,424	-37.88%	105.26%
12/31/2020	0.02300952%	(741,931)	3,699,643	-20.05%	102.96%
12/31/2019	0.02300952%	(741,931)	3,699,643	-20.05%	102.96%
12/31/2018	0.02313510%	823,074	3,541,353	23.24%	96.45%
12/31/2017	0.02386832%	(708,678)	3,398,020	-20.86%	102.93%
12/31/2016	0.02468280%	203,445	3,398,783	5.99%	99.12%
12/31/2015	0.02549906%	414,355	3,587,568	11.55%	98.20%
12/31/2014	0.02588416%	(635,786)	3,535,017	-17.99%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2021	\$ 261,654	\$ 261,654	\$ -	\$ 3,876,349	6.75%
6/30/2020	242,326	242,326	-	3,771,294	6.43%
6/30/2019	237,270	237,270	-	3,631,903	6.53%
6/30/2018	236,323	236,323	-	3,514,985	6.72%
6/30/2017	235,403	235,403	-	3,505,397	6.72%
6/30/2016	225,807	225,807	-	3,377,078	6.69%
6/30/2015	236,544	236,544	-	3,439,982	6.88%

*Ten years of data will be accumulated beginning with 2015.

GILLETT SCHOOL DISTRICT

Schedule of Changes in Total OPEB Liability and Related Ratios - Other Post-Employment Benefits
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service Cost	\$ 61,237	\$ 57,034	\$ 94,080	\$ 94,080
Interest	54,303	54,676	58,251	56,195
Differences Between Expected and Actual Experience	14,357	-	(192,533)	-
Changes in Assumptions	15,392	14,035	(73,491)	-
Benefit Payments	<u>(37,063)</u>	<u>(31,640)</u>	<u>(116,493)</u>	<u>(66,570)</u>
Net Change in Total OPEB Liability	108,226	94,105	(230,186)	83,705
Total OPEB Liability - Beginning	<u>1,539,431</u>	<u>1,445,326</u>	<u>1,675,512</u>	<u>1,591,807</u>
Total OPEB Liability - Ending	<u>\$ 1,647,657</u>	<u>\$ 1,539,431</u>	<u>\$ 1,445,326</u>	<u>\$ 1,675,512</u>
Covered Employee Payroll	\$ 3,781,137	\$ 3,544,368	\$ 3,544,368	\$ 1,936,722
District's Total OPEB Liability as a Percentage of the Total OPEB Liability	43.58%	43.43%	40.78%	86.51%

*Ten years of data will be accumulated beginning with 2017.

GILLETT SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Change in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts	
	Original	Final
REVENUES		
Property Taxes	\$ 2,454,619	\$ 2,410,136
Other Local Sources	39,700	23,176
Interdistrict Sources	244,992	279,954
Intermediate Sources	5,700	6,038
State Sources	4,846,887	4,866,726
Federal Sources	332,050	420,656
Other Sources	41,600	26,347
Total Revenues	7,965,548	8,033,033
EXPENDITURES		
Instruction:		
Regular Instruction	2,417,090	2,436,618
Vocational Instruction	297,871	301,495
Physical Instruction	212,404	223,561
Other Instruction	203,919	178,692
Total Instruction	3,131,284	3,140,366
Support Services:		
Pupil Services	204,724	207,415
Instructional Staff Services	427,953	353,611
General Administration Services	244,753	248,026
School Building Administration Services	384,417	401,565
Business Administration Services	1,382,217	1,274,689
Central Services	57,525	48,726
Insurance	74,183	72,509
Other Support Services	343,486	432,229
Total Support Services	3,119,258	3,038,770
Non-Program Transactions:		
Open Enrollment	653,888	581,189
Non-Open Enrollment	56,041	88,310
Total Non-Program Transactions	709,929	669,499
Total Expenditures	6,960,471	6,848,635
EXCESS OF REVENUES OVER EXPENDITURES	1,005,077	1,184,398
OTHER FINANCING USES		
Transfer to Special Education Fund	(995,420)	(944,945)
Transfer to Food Service Fund	(6,877)	-
Transfer (to) from Other Cooperatives Fund	(2,780)	1,560
Transfer to Long-Term Capital Projects Fund	-	(241,013)
Total Other Financing Uses	(1,005,077)	(1,184,398)
NET CHANGE IN FUND BALANCE	-	-
FUND BALANCE - BEGINNING OF YEAR	1,533,334	1,533,334
FUND BALANCE - END OF YEAR	\$ 1,533,334	\$ 1,533,334

See Accompanying Notes to Required Supplementary Information

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 2,410,136	\$ -
116,500	93,324
282,408	2,454
6,038	-
4,869,592	2,866
410,741	(9,915)
26,681	334
<u>8,122,096</u>	<u>89,063</u>
2,418,744	17,874
300,188	1,307
222,691	870
169,676	9,016
<u>3,111,299</u>	<u>29,067</u>
207,915	(500)
343,311	10,300
248,028	(2)
400,375	1,190
1,355,464	(80,775)
48,726	-
72,509	-
425,378	6,851
<u>3,101,706</u>	<u>(62,936)</u>
581,189	-
<u>104,039</u>	<u>(15,729)</u>
<u>685,228</u>	<u>(15,729)</u>
6,898,233	(49,598)
<u>1,223,863</u>	<u>39,465</u>
(911,653)	33,292
-	-
1,560	-
<u>(313,770)</u>	<u>(72,757)</u>
<u>(1,223,863)</u>	<u>(39,465)</u>
-	-
1,533,334	(39,172)
<u>\$ 1,533,334</u>	<u>\$ (39,172)</u>

See Accompanying Notes to Required Supplementary Information

GILLETT SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Change in Fund Balance
Budget and Actual
Cooperative Program Fund
For the Year Ended June 30, 2021

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Interdistrict Sources	\$ 29,401	\$ 51,028	\$ 21,627
EXPENDITURES			
Support Services:			
Instructional Staff Services	11,489	49,468	(37,979)
EXCESS OF REVENUES OVER EXPENDITURES	17,912	1,560	(16,352)
OTHER FINANCING USE			
Transfer to General Fund	(2,000)	(1,560)	440
NET CHANGE IN FUND BALANCE	15,912	-	(15,912)
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	\$ 15,912	\$ -	\$ (15,912)

GILLETT SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2021

Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for most of the governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit subfunction level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

- Based upon requests from district staff, district administration recommends budget proposals to the school board.
- The school board reviews the proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30th fiscal year.
- Pursuant to a public budget hearing, the school board may make alterations to the proposed budget.
- Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire school board.
- Appropriations lapse at year-end unless authorized as carryover by the school board. The portion of fund balance representing carryover appropriations is reported as committed or assigned fund balance.

The Board did not adopt a budget for the Special Revenue Trust Fund.

Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied in the governmental funds in the basic financial statements.

There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes the special education fund was budgeted separate from the general fund but for GAAP the two are combined. There is a reconciliation to the statement of revenues, expenditures and changes in fund balances provided as part of the notes to the required supplementary information.

Excess Expenditures Over Budget

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

<u>Expenditures</u>	<u>Excess Expenditures</u>
General Fund	
Pupil Services	\$ 500
General Administration Services	2
Business Administration Services	80,775
Non-open Enrollment	15,729
Cooperative Program Fund	
Instructional Staff Services	37,979

GILLETT SCHOOL DISTRICT
Notes to Required Supplementary Information - Continued
June 30, 2021

Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	General Fund
Sources/Inflows of Resources	
Actual Amounts (Budgetary Basis) "Total Revenues" from the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 8,123,656
Differences - Budget to GAAP	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	575,355
Total Revenues Reported on the Statement of Revenues, Expenditures, and Change in Fund Balances - Governmental Funds	\$ 8,699,011
Uses/Outflows of Resources	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Uses" from the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 8,123,656
Differences - Budget to GAAP	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	1,487,008
The Transfer to the Special Education Fund is Eliminated because it is Considered to be all part of the General Fund.	(911,653)
Total Expenditures and Other Financing Uses Reported on the Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	\$ 8,699,011

GILLETT SCHOOL DISTRICT
Notes to Required Supplementary Information - Continued
June 30, 2021

Defined Benefit Pension Plan

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

Changes in assumptions. No significant changes in assumptions from the prior year were noted.

Post-Employment Benefits Other Than Pension Benefits

Changes of benefit terms. There were no changes of benefit terms for any participating employer in other post-employment benefits.

Changes of assumptions. As of the measurement date of June 30, 2020, the discount rate was changed to 2.25 percent to be reflective of a 20-year AA municipal band rate since assets are held solely as cash and cash equivalents.

SUPPLEMENTARY INFORMATION

GILLETT SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2021

	<u>Food Service Fund</u>	<u>Community Service Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 56,296	\$ 40,591	\$ 96,887
Due From Federal Government	12,302	-	12,302
TOTAL ASSETS	<u>\$ 68,598</u>	<u>\$ 40,591</u>	<u>\$ 109,189</u>
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 6,450	\$ 95	\$ 6,545
Unearned Revenue	5,822	-	5,822
Total Liabilities	<u>12,272</u>	<u>95</u>	<u>12,367</u>
FUND BALANCES			
Restricted for:			
Food Service	56,326	-	56,326
Community Service	-	40,496	40,496
Total Fund Balances	<u>56,326</u>	<u>40,496</u>	<u>96,822</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 68,598</u>	<u>\$ 40,591</u>	<u>\$ 109,189</u>

GILLETT SCHOOL DISTRICT

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

	<u>Food Service Fund</u>	<u>Community Service Fund</u>	<u>Total</u>
REVENUES			
Property Taxes	\$ -	\$ 45,000	\$ 45,000
Other Local Sources	1,975	1,930	3,905
State Sources	3,542	-	3,542
Federal Sources	280,205	-	280,205
Total Revenues	<u>285,722</u>	<u>46,930</u>	<u>332,652</u>
EXPENDITURES			
Business Administration Services	-	1,843	1,843
Food Service Operations	229,396	-	229,396
Community Services	-	22,419	22,419
Total Expenditures	<u>229,396</u>	<u>24,262</u>	<u>253,658</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>56,326</u>	<u>22,668</u>	<u>78,994</u>
NET CHANGE IN FUND BALANCES	56,326	22,668	78,994
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>17,828</u>	<u>17,828</u>
FUND BALANCES - END OF YEAR	<u>\$ 56,326</u>	<u>\$ 40,496</u>	<u>\$ 96,822</u>

GILLETT SCHOOL DISTRICT
Combining Schedule of Internal General and Special Education Funds
Balance Sheets
As of June 30, 2021

	General Fund	Special Education Fund	Eliminations	Total General Fund
ASSETS				
Cash	\$ 1,177,259	\$ -	\$ -	\$ 1,177,259
Receivables:				
Taxes	911,050	-	-	911,050
Accounts	877	-	-	877
Due from State Government	61,471	-	-	61,471
Due from Federal Government	145,099	40,374	-	185,473
Due from Other Government	7,138	-	-	7,138
Due from Other Fund	35,843	-	(35,843)	-
Prepaid Expenditures	450	-	-	450
Total Assets	<u>\$ 2,339,187</u>	<u>\$ 40,374</u>	<u>\$ (35,843)</u>	<u>\$ 2,343,718</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 179,064	\$ 4,531	\$ -	\$ 183,595
Accrued Liabilities:				
Payroll, Payroll Taxes and Insurance	313,019	-	-	313,019
Due to Other Fund	313,770	35,843	(35,843)	313,770
Total Liabilities	<u>805,853</u>	<u>40,374</u>	<u>(35,843)</u>	<u>810,384</u>
Fund Balance				
Nonspendable:				
Prepaid Expenditures	450	-	-	450
Restricted:				
Self-Funded Insurance	53,463	-	-	53,463
Unassigned	1,479,421	-	-	1,479,421
Total Fund Balances	<u>1,533,334</u>	<u>-</u>	<u>-</u>	<u>1,533,334</u>
Total Liabilities and Fund Balances	<u>\$ 2,339,187</u>	<u>\$ 40,374</u>	<u>\$ (35,843)</u>	<u>\$ 2,343,718</u>

GILLETT SCHOOL DISTRICT

Combining Schedule of Internal General and Special Education Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Special Education Fund	Total General Fund
REVENUES			
Property Taxes	\$ 2,410,136	\$ -	\$ 2,410,136
Other Local Sources	116,500	-	116,500
Interdistrict	282,408	104	282,512
Intermediate Sources	6,038	27,785	33,823
State Sources	4,869,592	300,225	5,169,817
Federal Sources	410,741	247,241	657,982
Other Sources	26,681	-	26,681
Total Revenues	8,122,096	575,355	8,697,451
EXPENDITURES			
Instruction:			
Regular Instruction	2,418,744	-	2,418,744
Vocational Instruction	300,188	-	300,188
Physical Instruction	222,691	-	222,691
Special Instruction	-	1,098,252	1,098,252
Other Instruction	169,676	-	169,676
Total Instruction	3,111,299	1,098,252	4,209,551
Support Services:			
Pupil Services	207,915	241,780	449,695
Instructional Staff Services	343,311	75,720	419,031
General Administration Services	248,028	-	248,028
School Building Administration Services	400,375	-	400,375
Business Administration Services	1,355,464	31,926	1,387,390
Central Services	48,726	-	48,726
Insurance	72,509	-	72,509
Other Support Services	425,378	-	425,378
Total Support Services	3,101,706	349,426	3,451,132
Non-Program Transactions:			
Open Enrollment	581,189	-	581,189
Non-Open Enrollment	104,039	39,330	143,369
Total Non-Program Transactions	685,228	39,330	724,558
Total Expenditures	6,898,233	1,487,008	8,385,241
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,223,863	(911,653)	312,210
OTHER FINANCING SOURCES (USES)			
Transfer to Special Education Fund	(911,653)	-	(911,653)
Transfer from General Fund	-	911,653	911,653
Transfer to Food Service Fund	(313,770)	-	(313,770)
Transfer from Cooperative Fund	1,560	-	1,560
Total Other Financing Sources (Uses)	(1,223,863)	911,653	(312,210)
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCES - BEGINNING OF YEAR	1,533,334	\$ -	\$ 1,533,334
FUND BALANCES - END OF YEAR	\$ 1,533,334	\$ -	\$ 1,533,334

ADDITIONAL 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
Gillett School District
Gillett, Wisconsin

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 Gillett School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 the attention of those charged with governance.

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

To the Board of Education
Gillett School District

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Gillett School District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying *schedule of findings and questioned costs and corrective action plan*. The District's response was not subjected to the auditing procedures applied in the audit of 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 purposes.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
December 14, 2021

Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by Uniform Guidance, State Single Audit Guidelines, and the *Wisconsin Department of Public Instruction*

To the Board of Education
Gillett School District
Gillett, Wisconsin

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

To the Board of Education
Gillett School District

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of 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 major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance, State Single Audit Guidelines and 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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 Uniform Guidance, State Single Audit Guidelines and the *Wisconsin Public School District Manual*. Accordingly, this report is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
December 14, 2021

FEDERAL AND STATE AWARDS SECTION

GILLETT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Grantor Agency/Federal Program Title	ALN	Pass-Through Agency	Pass-through I.D. Number	(Accrued) Deferred Revenue 7/1/2020	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2021	Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>CHILD NUTRITION CLUSTER:</i>								
Donated Commodities 2020-2021	10.555	WI DPI	2021-422128-DPI-NSL-547	\$ -	\$ 21,556	\$ -	\$ 21,556	\$ -
Summer Food Service Program	10.559	WI DPI	2020-422128-DPI-SFSP-586	(5,897)	5,897	-	-	-
Summer Food Service Program - COVID-19	10.559	WI DPI	2021-422128-DPI-SFSP-586	-	246,348	12,301	258,649	-
Total Child Nutrition Cluster and U.S. Department of Agriculture				<u>(5,897)</u>	<u>273,801</u>	<u>12,301</u>	<u>280,205</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2020-422128-DPI-TIA-141	(50,811)	50,811	-	-	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2021-422128-DPI-TIA-141	-	57,097	87,456	144,553	-
<i>Total Title I Grants to Local Educational Agencies</i>				<u>(50,811)</u>	<u>107,908</u>	<u>87,456</u>	<u>144,553</u>	<u>-</u>
<i>SPECIAL EDUCATION CLUSTER:</i>								
Special Education Grants to States	84.027A	WI DPI	2020-422128-DPI-IDEA-FT-341	(29,169)	29,169	-	-	-
Special Education Grants to States	84.027A	WI DPI	2021-422128-DPI-IDEA-FT-341	-	123,418	34,198	157,616	-
Special Education Preschool Grants	84.173A	WI DPI	2020-422128-DPI-IDEA-P-347	-	-	-	-	-
Special Education Preschool Grants	84.173A	WI DPI	2021-422128-DPI-IDEA-P-347	-	7,614	3,102	10,716	-
<i>Total Special Education Cluster</i>				<u>(29,169)</u>	<u>160,201</u>	<u>37,300</u>	<u>168,332</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	84.048	CESA 8	2020-422128-DPI-CTE-400	(1,501)	1,501	-	-	-
Career and Technical Education - Basic Grants to States	84.048	CESA 8	2021-422128-DPI-CTE-400	-	-	6,038	6,038	-
Improving Teacher Quality State Grants	84.367A	WI DPI	2020-422128-DPI-TIIA-365	(11,107)	11,107	-	-	-
Improving Teacher Quality State Grants	84.367A	WI DPI	2021-422128-DPI-TIIA-365	-	16,972	7,867	24,839	-
Small, Rural School Achievement Program	84.358A	Direct Award	Not Available	-	3,800	-	3,800	-
Small, Rural School Achievement Program	84.358A	Direct Award	Not Available	-	586	-	586	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2021-422128-DPI-TIV-A-381	-	-	3,014	3,014	-
Elementary and Secondary School Emergency Relief - COVID-19	84.425D	WI DPI	2021-422128-DPI-ESSERF-160	-	83,841	17,421	101,262	-
Elementary and Secondary School Emergency Relief - COVID-19	84.425D	WI DPI	2022-422128-DPI-ESSERFII-163	-	57,406	23,303	80,709	-
<i>Total Education Stabilization Funds</i>				<u>-</u>	<u>141,247</u>	<u>40,724</u>	<u>181,971</u>	<u>-</u>
Total U.S. Department of Education				<u>(92,588)</u>	<u>443,322</u>	<u>182,399</u>	<u>533,133</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>MEDICAID CLUSTER</i>								
Medical Assistance Program	93.778	WI DHS	Not Available	(2,266)	2,266	-	-	-
Medical Assistance Program	93.778	WI DHS	Not Available	-	127,812	3,075	130,887	-
Total U.S. Department of Health and Human Services and Medicaid Cluster				<u>(2,266)</u>	<u>130,078</u>	<u>3,075</u>	<u>130,887</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE				<u>\$ (100,751)</u>	<u>\$ 847,201</u>	<u>\$ 197,775</u>	<u>\$ 944,225</u>	<u>\$ -</u>

Reconciliation to the Basic Financial Statements:
Governmental Funds
Federal Sources \$ 938,187
Intermediate Sources 6,038
Total Expenditures of Federal Awards \$ 944,225

GILLETT SCHOOL DISTRICT
Schedule of State Financial Assistance
For the Year Ended June 30, 2021

Awarding Agency/ Award Description/ Pass-Through Agency	State I.D. Number	Pass- Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/20	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/21	Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	422128-100	\$ -	\$ 299,225	\$ -	\$ 299,225	\$ -
Special Education and School Age Parents	255.101	CESA 8	422128-100	-	27,785	-	27,785	-
State School Lunch Aid	255.102	Direct Program	422128-107	-	2,297	-	2,297	-
Common School Fund Library Aid	255.103	Direct Program	422128-104	-	21,531	-	21,531	-
General Transportation Aid	255.107	Direct Program	422128-102	-	22,734	-	22,734	-
General Equalization Aids	255.201	Direct Program	422128-116	(62,243)	3,847,850	60,775	3,846,382	-
Sparsity Aid	255.212	Direct Program	422128-162	-	230,957	-	230,957	-
Supplemental Per Pupil Aid	255.245	Direct Program	422128-181	-	1,738	-	1,738	-
State School Breakfast Aid SBBA	255.344	Direct Program	422128-117	-	1,245	-	1,245	-
Achievement Gap Reduction	255.504	Direct Program	422128-160	-	241,137	-	241,137	-
Aid for High Poverty School District	255.926	Direct Program	422128-121	-	40,134	-	40,134	-
Educator Effective Eval Sys Grants Public	255.940	Direct Program	422128-154	-	4,320	-	4,320	-
Per Pupil Aid	255.945	Direct Program	422128-113	-	424,424	-	424,424	-
High Cost Transportation Aid	255.947	Direct Program	422128-114	-	27,655	-	27,655	-
Career and Technical Education Incentive Grants	255.950	Direct Program	422125-152	-	3,191	-	3,191	-
Assesment of Reading Readiness - DPI	255.956	Direct Program	422128-166	-	878	-	878	-
Aid for Special Education Transition Grant	255.960	Direct Program	422128-168	-	1,000	-	1,000	-
Total Wisconsin Department of Public Instruction				<u>(62,243)</u>	<u>5,198,101</u>	<u>60,775</u>	<u>5,196,633</u>	<u>-</u>
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Grant	455.206	Direct Program	N/A	<u>(24,394)</u>	<u>24,394</u>	-	-	-
WISCONSIN DEPARTMENT OF ADMINISTRATION								
Teacher Training Grants for Educational Technology	N/A	Direct Program	N/A	<u>-</u>	<u>2,381</u>	-	<u>2,381</u>	<u>-</u>
TOTAL STATE ASSISTANCE				<u>\$ (86,637)</u>	<u>\$ 5,224,876</u>	<u>\$ 60,775</u>	<u>\$ 5,199,014</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements								
Governmental Funds								
State Sources							\$ 5,173,359	
Intermediate Sources							27,785	
Less: State Sources Not Considered State Financial Assistance								
State Tax Exempt Aid							(817)	
Payment in Lieu of Taxes and Other Revenues							(1,313)	
Total Expenditures of State Awards							<u>\$ 5,199,014</u>	

GILLETT SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2021

Note 1 – Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Gillett School District under programs of the federal and state governments for the year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State Single Audit Guidelines*. Because the schedules present only a select portion of operations of the District, they are not intended to, and do not, present the financial position and change in net position of the District.

Note 2 – Summary of Significant Accounting Policies

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

Gillett School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowable under the Uniform Guidance.

Note 3 – Special Education and School Age Parents Program

2020 - 2021 eligible costs under the State Special Education Program are \$1,144,887.

Note 4 – Oversight Agencies

The District's federal agency oversight agency is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

GILLETT SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiencies identified?	None reported
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	None
Identification of major federal programs:	

ALN	Name of Federal Program
10.555	<i>Child Nutrition Cluster</i>
10.559	National School Lunch Program
84.425D	Summer Food Service Program for Children <i>Education Stabilization Funds</i> Elementary and Secondary School Emergency Relief Fund

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

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required in accordance with the Wisconsin Public School District Audit Manual	No

Identification of major state programs:

State I.D. Number	Name of State Program
255.101	Handicapped Pupils and School Age Parents
255.201	General Equalization

GILLETT SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

Financial Statement Finding

2020-001 – Segregation of Duties - See corrective action plan finding 2021-001.



*Opportunities, for Every Child, Every Day.
"It's the Tiger Way!"*



Gillett School District

208 West Main Street P.O. Box 227 Gillett, WI 54124-0227

Corrective Action Plan

Financial Statement Finding

2021-001 - Segregation of Duties - The District is aware of the lack of segregation of duties caused by the limited size of its staff. Segregation of duties is enhanced whenever possible and the Board of Education reviews receipts, disbursements, transactions and monthly financial statements.

Responsible Officials - Todd Hencsik Superintendent
Heather Schowalter, District Bookkeeper

Anticipated Completion Date – This finding will not completely resolve itself given the size of the District and the limited staff.

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