

# **Lake Country School District**

Financial Statements and  
Supplementary Information

June 30, 2021

# Lake Country School District

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June 30, 2021

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## **INDEPENDENT AUDITORS' REPORT**

## Independent Auditors' Report

To the School Board of  
Lake Country School District

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

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

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021 on our consideration of the Lake Country School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lake Country School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lake Country School District's internal control over financial reporting and compliance.



Milwaukee, Wisconsin  
December 2, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Lake Country School District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**  
**(unaudited)**

The discussion and analysis of the Lake Country School District financial performance provides an overall review of financial activities for the fiscal year and focuses on school district financial performance. The 2020-2021 comparison to the prior year has been presented.

**FINANCIAL HIGHLIGHTS**

- The District's overall financial status, as reflected in total net position, increased by \$203,597.
- The General Fund (Fund 10) balance decreased from \$897,450 to \$874,611. The fund balance is 16% of actual 2020-2021 Fund 10 expenditures.
- The District issued no new debt in 2020-2021.
- District enrollment, which is a major variable in the District's revenue limit calculation, stayed about the same as 2019-2020. Enrollment in 2020-2021 was 503.
- Total revenues for Governmental Funds were \$6,565,194. This amount includes \$4,000,416 of local property taxes and \$32,799 of general state aid. Property taxes represent 61% of all revenue, all funds. General state aid represents less than % of all revenue, all funds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of two parts—management's discussion and analysis and the basic financial statements (district-wide and fund statements) including notes to the financial statements.

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

1. The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. These statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed year presented in a manner like private-sector businesses.
  - The *Statement of Net Position* compares assets/deferred outflows to liabilities/deferred inflows to give an overall view of the financial health of the District. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
  - The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues – charges for services and/or operating grants and contributions. General revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue – recognizing the Change in Net position for the District from the previous year.

**Lake Country School District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**  
**(unaudited)**

2. The remaining statements: *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances –Governmental Funds* focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements and support the *Statement of Net position*.
- The *Notes to the Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.
  - *Required Supplementary Information* further explains and supports the financial statements by including a comparison of the District's budget data for the year and includes all reports in the financial statements including the financial notes.
  - *Additional Supplemental Information* provides information specific to non-major governmental funds such as the Food Service Fund.
  - The major features of the District's financial statements, including the portion of the activities reported and type of information contained is shown in the following table (Table #1).

**District-Wide Statements**

The district-wide statements report information about the District using accounting methods like those used by private-sector companies. The statement of net position includes all the District's assets/deferred outflows and liabilities/deferred inflows. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position—the difference between the District's assets, deferred outflows, deferred inflows and liabilities – is one way to measure the District's financial health or *position*.



**Lake Country School District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**  
**(unaudited)**

**Table 1 – Major Features of District-wide and Fund Financial Statements**

	<b>District-wide Statements</b>	<b>Governmental Fund Statements</b>
<b>Scope</b>	Entire district (except fiduciary funds)	The activity of the District that is not proprietary or fiduciary, such as instructional, support services and community services.
<b>Required Financial Statements</b>	Statement of Net position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and changes in Fund Balance
<b>Basis of Accounting and Measurement Focus</b>	Accrual accounting  Economic resources focus	Modified accrual accounting  Current financial resources focus
<b>Type of Asset/Deferred Outflows and Liability/Deferred Inflows Information</b>	All assets/deferred outflows and liabilities/deferred inflows, both financial and capital, short-term and long-term.	Generally, assets expected to be used and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities are included.
<b>Type of Inflow and Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and the related liabilities are due and payable.

**Lake Country School District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**  
**(unaudited)**

**Table 2**

**Condensed Statement of Net position**

	2020-2021	2019-2020
<b><u>Assets</u></b>		
Current Assets	\$3,966,758	\$3,455,950
Capital Assets	5,952,865	6,144,279
Total Assets	9,919,623	9,600,229
<b><u>Deferred Inflows of Resources</u></b>		
Deferred outflows related to pensions	2,197,858	1,538,750
<b><u>Liabilities</u></b>		
Current Liabilities	1,798,080	1,865,085
Non-Current Liabilities	1,461,674	1,452,858
Total Liabilities	3,259,754	3,317,943
<b><u>Deferred Inflows of Resources</u></b>		
Deferred inflow related to pensions	2,820,706	1,987,612
<b><u>Net Postion</u></b>		
Net Investment in Capital Assets	5,952,865	6,144,279
Restricted for pensions - WRS	1,235,174	645,638
Unrestricted	(1,151,018)	(956,493)
Total Net Postion	\$ 6,037,021	\$ 5,833,424

Statement of Net position: (Table 2)

Table 2 provides a summary of the District's net position for the year ended June 30, 2021 compared to the year ended June 30, 2020. As of June 30, 2021, the District reported total assets of \$9,919,623 and total liabilities of \$3,259,754. Total net position in 2020-2021 was \$6,037,021. This includes the estimated historical cost of sites, site improvements, buildings, building improvements, furniture and equipment net of accumulated depreciation. For fiscal year 2019-2020, the total net position of the District is reported at \$5,833,424 this represents an increase of \$203,597 from fiscal year 2019-2020.

**Lake Country School District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**  
**(unaudited)**

**Table 3**

**Changes in Net position from Operating Results**  
**For Governmental Activities**

		<u>2020-2021</u>		<u>2019-2020</u>	
<b><u>Revenues:</u></b>					
<i>Program</i>	Charges for Services	\$ 1,338,706	20%	\$ 1,619,901	24%
	Operating Grants & Cont.	1,046,131	16%	810,315	12%
<i>General</i>	Property & Other Taxes	4,000,416	61%	3,951,160	59%
	General State Aid	32,799	0%	38,518	1%
	Other	<u>147,142</u>	<u>2%</u>	<u>296,193</u>	<u>4%</u>
	Total Revenues	<u>\$ 6,565,194</u>	<u>100%</u>	<u>\$ 6,716,087</u>	<u>100%</u>
<b><u>Expenses:</u></b>					
	Instruction	\$ 4,276,999	67%	\$ 4,563,690	66%
	Pupil Services	169,734	3%	170,497	2%
	Instructional Support Serv.	175,235	3%	151,388	2%
	Administration	534,028	8%	585,880	9%
	Buildings and grounds	445,530	7%	485,306	7%
	Pupil Transportation	202,812	3%	179,429	3%
	Other Support Services	280,593	4%	213,172	3%
	Interest and Fees	19,147	0%	46,628	1%
	Food Service	191,800	3%	174,199	3%
	Community Service	59,230	1%	53,781	1%
	Cooperative Services	<u>6,489</u>	<u>0%</u>	<u>255,040</u>	<u>4%</u>
	Total Expenses	<u>6,361,597</u>	<u>100%</u>	<u>6,879,010</u>	<u>100%</u>
	Change in Net Assets	203,597		(162,923)	
	Net Position, Beginning of Year	<u>5,833,424</u>		<u>5,996,347</u>	
	Net Positions, End of Year	<u>\$ 6,037,021</u>		<u>\$ 5,833,424</u>	

**Revenues:**

- The District received \$6,565,194 in revenue for the 2020-2021 fiscal year. Sixty one percent (61%) of the District's total revenue came from local school property tax. Less than one percent (1%) of the total came from State Aid. The District receives approximately thirty eight percent (38%) in the form of specific use State Grants, Federal Aid, and direct fees for services. The overall make-up of the sources of revenue did not vary significantly from the previous fiscal year except for donation of funds we were fortunate to receive from the P.T.O. and LCS Foundation to offset technology, ACE, and other costs.
- Individuals and school districts that directly participated or benefited from a program contributed \$1,338,706 of the cost. Book and activity fees, admissions to athletic events, open enrollment tuition, Special Education Aid payments, lunch revenues and building rental fees are included as charges for services.
- Federal and State governments subsidized certain programs with grants and contributions of \$1,046,131.
- General Revenues in the form of property taxes accounted for \$4,000,416 and general state aid for \$32,799.

**Lake Country School District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**  
**(unaudited)**

**Expenses**

- The District's total expenditure amount was \$6,361,597 for fiscal year 2020-2021. Sixty-seven percent (67%) is directed to pupil instruction and instructional services. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services

**General Fund Budgetary Comparison:**

The District adopts an interim budget in April for the subsequent year. Consistent with current state statutes and regulations, the original budget is amended in October to reflect the actual revenue cap and state aid certification. The budget was amended after October by action of the School Board.

**Fund Balances:**

- The District shows a total for all fund balances of \$933,504 as of June 30, 2021.
- \$874,611 is in the General Fund. The District utilizes this fund balance for funding short-term operations as well as future retirement liabilities. The interest earned on investment of these funds provides additional spending capacity. The General Fund balance is 16% of operating expenditures. A fund balance of this size is a positive sign of financial viability, enhances the District's bond ratings, and allows the District to respond to non-recurring economic needs.
- The remaining fund balance includes \$474 for Special Revenue Trust Fund revenues to be spent and other district donations. There is also \$58,419 in Food Service which will be used to upgrade capital

**Governmental Activities:**

The District's current financial position can be credited to effective and conservative fiscal management. It has been the goal of the Board of Education to implement ongoing capital improvement projects in all the buildings of the District. A list of capital improvement projects is reviewed by administration and the Board every fiscal period to insure the physical plants in the District are kept in good condition and that costly major repairs may be averted through timely facility maintenance.

- Each year, detailed attention is paid to staffing levels. Class size levels are watched closely to ensure high quality education levels and at the same time develop a budget within the constraints of the state-imposed revenue limit.
- The district keeps a close watch on enrollment projections and plans personnel transactions accordingly. Enrollment is projected to stay about the same from 2020-2021 to 2021-2022.

**Lake Country School District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**  
**(unaudited)**

**Capital Asset Administration**

**Capital Assets**

- We are currently complying with the requirements of GASB 34. The District capitalizes assets with a value greater than \$5,000 and a useful life greater than 5 years. Depreciation is computed based on a straight-line basis over the life of the asset. Information on capital asset balances and current year activity is reported on page 25.

**District's Future**

- The state budget has given the board the tools needed to help offset the loss in per pupil funds for the next two years. These tools help the board control costs for the future of the district. The state has allowed a small amount per pupil over the next two years which will help. The new biannual budget will always be a factor in our funding and we pay close attention to those changes.
- One of the most important variables in the District's financial future is the cost of health insurance for its employees. The cost of health benefits for all District employees is increasing at approximately 10 % per year. If these rate increases continue, the cost of health benefits will have an impact on the instructional services of the District. Administration has been implementing various employee cost saving and sharing measures to offset the District's portion of this expense, but this issue continues to be a budgetary challenge. Administration is also working to decrease and or eliminate our OPEB benefits in the future as that plays a major factor in our expenses and budget each year.
- It is important that the District continues to be able to complete capital improvement projects. It is one of the Board of Education's goals and a budget priority to continue to upgrade and maintain the physical plants of the District.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, please contact:

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Lake Country School District  
1800 Vettelson Road  
Hartland, WI 53029

262-367-3606 ext. 106 (phone)  
262-367-3205 (FAX)  
omanj@mylakecountryschool.org

## **BASIC FINANCIAL STATEMENTS**

# Lake Country School District

## Statement of Net Position

June 30, 2021

<b>Assets</b>	
Cash and investments	\$ 1,565,767
Taxes receivable	979,379
Due from other governments	186,438
Restricted asset:	
Net pension	1,235,174
Capital assets:	
Land	259,000
Other capital assets, net of depreciation	<u>5,693,865</u>
 Total assets	 <u>9,919,623</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions - single employer	249,645
Deferred outflows related to pensions - WRS	<u>1,948,213</u>
 Total deferred outflows of resources	 <u>2,197,858</u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	198,080
Notes payable	1,600,000
Noncurrent liabilities:	
Due in more than one year	<u>1,461,674</u>
 Total liabilities	 <u>3,259,754</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions - Single employer	114,075
Deferred inflows related to pensions - WRS	<u>2,706,631</u>
 Total deferred inflows of resources	 <u>2,820,706</u>
<b>Net Position</b>	
Net Investment in capital assets	5,952,865
Restricted for pension	1,235,174
Unrestricted (deficit)	<u>(1,151,018)</u>
 Total net position	 <u>\$ 6,037,021</u>

See notes to financial statements

# Lake Country School District

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction:				
Regular	\$ 3,442,009	\$ 1,279,665	\$ 105,340	\$ (2,057,004)
Special education	617,467	28,760	300,356	(288,351)
Other	217,523	-	16,299	(201,224)
Total instruction	4,276,999	1,308,425	421,995	(2,546,579)
Support services:				
Pupil services	169,734	-	379,840	210,106
Instructional support services	175,235	-	21,294	(153,941)
Administration	534,028	-	-	(534,028)
Buildings and grounds	445,530	-	-	(445,530)
Pupil transportation	202,812	-	12,052	(190,760)
Other support services	280,593	-	12,001	(268,592)
Interest and fees	19,147	-	-	(19,147)
Food service	191,800	28,334	198,949	35,483
Community service	59,230	-	-	(59,230)
Cooperative services	6,489	1,947	-	(4,542)
Total support services	2,084,598	30,281	624,136	(1,430,181)
Total activities	\$ 6,361,597	\$ 1,338,706	\$ 1,046,131	(3,976,760)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				3,944,335
Property taxes, levied for community service				56,081
Intergovernmental revenues not restricted to a specific function				32,799
Investment income				1,143
Miscellaneous				145,999
Total general revenues				4,180,357
Change in net position				203,597
<b>Net Position, Beginning</b>				5,833,424
<b>Net Position, Ending</b>				\$ 6,037,021

See notes to financial statements



**Lake Country School District**

Balance Sheet  
 Governmental Funds  
 June 30, 2021

	General Fund	Special Revenue Special Education Fund	Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and investments	\$ 1,512,416	\$ -	\$ 53,351	\$ 1,565,767
Taxes receivable	979,379	-	-	979,379
Due from other funds	24,791	-	-	24,791
Due from other governments	125,917	41,912	18,609	186,438
	<u>2,642,503</u>	<u>41,912</u>	<u>71,960</u>	<u>2,756,375</u>
Total assets	<u>\$ 2,642,503</u>	<u>\$ 41,912</u>	<u>\$ 71,960</u>	<u>\$ 2,756,375</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 6,904	\$ -	\$ 3,147	\$ 10,051
Due to other funds	-	22,844	1,947	24,791
Notes payable	1,600,000	-	-	1,600,000
Accrued salaries and related items	147,923	19,068	7,973	174,964
Accrued interest payable	13,065	-	-	13,065
	<u>1,767,892</u>	<u>41,912</u>	<u>13,067</u>	<u>1,822,871</u>
Total liabilities	<u>1,767,892</u>	<u>41,912</u>	<u>13,067</u>	<u>1,822,871</u>
<b>Fund Balances</b>				
Committed	-	-	58,893	58,893
Assigned	600,000	-	-	600,000
Unassigned	274,611	-	-	274,611
	<u>874,611</u>	<u>-</u>	<u>58,893</u>	<u>933,504</u>
Total fund balances	<u>874,611</u>	<u>-</u>	<u>58,893</u>	<u>933,504</u>
Total liabilities and fund balances	<u>\$ 2,642,503</u>	<u>\$ 41,912</u>	<u>\$ 71,960</u>	

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	5,952,865
Net pension asset - WRS does not relate to current financial resources and is not reported in the funds	1,235,174
The deferred outflows of resources related to pensions do not relate to current financial resources and, therefore, is not reported in the funds.	2,197,858
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term obligations	(1,461,674)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	<u>(2,820,706)</u>
Net position of governmental activities	<u>\$ 6,037,021</u>

See notes to financial statements

**Lake Country School District**

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

Year Ended June 30, 2021

	<b>General Fund</b>	<b>Special Revenue Special Education Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Local	\$ 4,064,445	\$ -	\$ 97,261	\$ 4,161,706
Interdistrict	1,279,665	28,760	-	1,308,425
State	446,656	140,449	2,996	590,101
Federal	120,348	172,528	195,953	488,829
Other	16,133	-	-	16,133
Total revenues	<u>5,927,247</u>	<u>341,737</u>	<u>296,210</u>	<u>6,565,194</u>
<b>Expenditures</b>				
Instruction:				
Regular	3,344,175	-	27,026	3,371,201
Special education	115,348	538,854	-	654,202
Other	209,182	-	-	209,182
Total instruction	<u>3,668,705</u>	<u>538,854</u>	<u>27,026</u>	<u>4,234,585</u>
Support services:				
Pupil services	72,200	109,245	-	181,445
Instructional support services	164,458	15,569	-	180,027
Administration	546,904	1,409	-	548,313
Buildings and grounds	437,301	-	-	437,301
Pupil transportation	184,691	18,121	-	202,812
Other support services	280,593	-	-	280,593
Debt service:				
Interest and fees	19,147	-	-	19,147
Food service	-	-	195,740	195,740
Community service	-	-	59,230	59,230
Cooperative program	-	-	6,489	6,489
Total support services	<u>1,705,294</u>	<u>144,344</u>	<u>261,459</u>	<u>2,111,097</u>
Non-program	<u>231,235</u>	<u>-</u>	<u>-</u>	<u>231,235</u>
Total expenditures	<u>5,605,234</u>	<u>683,198</u>	<u>288,485</u>	<u>6,576,917</u>
Excess (deficiency) of revenues over expenditures	<u>322,013</u>	<u>(341,461)</u>	<u>7,725</u>	<u>(11,723)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	341,461	3,391	344,852
Transfers out	<u>(344,852)</u>	<u>-</u>	<u>-</u>	<u>(344,852)</u>
Total other financing sources (uses)	<u>(344,852)</u>	<u>341,461</u>	<u>3,391</u>	<u>-</u>
Net change in fund balances	(22,839)	-	11,116	(11,723)
<b>Fund Balances, Beginning</b>	<u>897,450</u>	<u>-</u>	<u>47,777</u>	<u>945,227</u>
<b>Fund Balances, Ending</b>	<u>\$ 874,611</u>	<u>\$ -</u>	<u>\$ 58,893</u>	<u>\$ 933,504</u>

See notes to financial statements

## Lake Country School District

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

**Net Change in Fund Balances - Total Governmental Funds** \$ (11,723)

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

Governmental funds report capital outlays as expenditures. However,  
in the statement of net position the cost of these assets is capitalized  
and they are depreciated over their estimated useful lives and reported  
as depreciation expense in the statement of activities.

Capital outlay is reported as expenditures in fund financial statements but is capitalized in the government-wide financial statements	28,992
Depreciation is reported in the government-wide statements.	(220,406)

Some expenses reported in the statement of activities do not require  
the use of current financial resources and therefore are not reported  
as expenditures in governmental funds.

Net pension asset - WRS	589,536
Deferred outflows of resources related to pensions	659,108
Deferred inflows of resources related to pensions	(833,094)
Net pension obligation - single employer	<u>(8,816)</u>

**Change in Net Position of Governmental Activities** \$ 203,597

# Lake Country School District

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June 30, 2021

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# Lake Country School District

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Notes to Financial Statements  
June 30, 2021

## 1. Summary of Significant Accounting Policies

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

### Reporting Entity

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

### District-Wide and Fund Financial Statements

#### District-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

#### Fund Financial Statements

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

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

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The District reports the following major governmental funds:

## **General Fund**

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

## **Special Revenue Funds**

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

The District reports the following nonmajor governmental funds:

## **Special Revenue Funds**

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

- Gift Trust Fund (Contributions)
- Food Service Fund (Food service grants and fees)
- Community Service Fund (Local taxes and fees)
- Cooperative Program Fund (Cooperative education program)

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

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

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

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

### **Fund Financial Statements**

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

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

# Lake Country School District

Notes to Financial Statements

June 30, 2021

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

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

## All Financial Statements

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

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

### Deposits and Investments

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

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

The District has adopted an investment policy. That policy has approved public depositories and follows the state statute for allowable investments. The District has an investment policy that requires deposits to be limited to amounts that are protected by state and federal laws and the District complied with this provision of the policy as described in Note III A.

No policy exists for the following risks:

Credit risk

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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

See Note 3. for further information.

## Receivables

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

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

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

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

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

Property tax calendar - 2020 tax roll:

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

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

## Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.



# Lake Country School District

Notes to Financial Statements  
June 30, 2021

## Capital Assets

### Government-Wide Statements

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

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

Buildings and Improvements	60 Years
Equipment	5-20 Years

### Fund Financial Statements

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

### Deferred Outflows of Resources

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

### Compensated Absences

The District's policy does not allow accumulated vacation and sick pay benefits to vest. Unused accumulated vacation and sick pay benefits are forfeited upon retirement or termination of employment. These benefits are recorded as an expenditure in the year used. No accumulated amount is recorded as a liability in the district-wide financial statements.

### Long-Term Obligations

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

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

### Deferred Inflows of Resources

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

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

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## Equity Classifications

### Government-Wide Statements

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

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

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

### Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the District Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District Board that originally created the commitment.
- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The district has adopted a financial policy authorizing the administrator and/or bookkeeper to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. *Unassigned* - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

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

See Note 3. for further information.

## Pension

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

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

## 2. Stewardship, Compliance and Accountability

### Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented include any amendments made. The District may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

### Excess Expenditures and Other Financing Uses Over Appropriations

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue - Gift Trust Fund	\$ 13,662	\$ 27,026	\$ 13,364
Special Revenue - Food Service Fund	175,409	195,740	20,331
Special Revenue - Community Service Fund	56,081	59,229	3,148
Special Revenue - Cooperative Program	-	6,489	6,489

The District controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the District's year-end budget to actual report.

# Lake Country School District

Notes to Financial Statements

June 30, 2021

## Limitations on the District's Revenues

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

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

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

A referendum on or after August 12, 1993.

## 3. Detailed Notes on All Funds

### Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Demand Deposits	\$ 1,399,391	\$ 1,439,248	Custodial credit risk
LGIP	<u>166,376</u>	<u>166,376</u>	Credit risk
Total deposits and investments	<u>\$ 1,565,767</u>	<u>\$ 1,605,624</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	<u>\$ 1,565,767</u>		

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

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

The District maintains collateral agreements with its banks. At June 30, 2021, the banks had pledged various government securities in the amount of \$1,098,003 to secure the District's deposits.

### Custodial Credit Risk

#### Deposits

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

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

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

## Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The District had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

## Receivables

All of the receivables on the balance sheet are expected to be collected within one year and no allowance for uncollectible accounts has been recorded.

## Restricted Assets

The following represent the balances of the restricted assets:

### Net Pension Asset

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

## Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 259,000	\$ -	\$ -	\$ 259,000
Total capital assets not being depreciated	<u>259,000</u>	<u>-</u>	<u>-</u>	<u>259,000</u>
Capital assets being depreciated:				
Buildings and Improvements	10,505,285	-	-	10,505,285
Equipment	<u>1,622,017</u>	<u>28,992</u>	<u>-</u>	<u>1,651,009</u>
Total capital assets being depreciated	<u>12,127,302</u>	<u>28,992</u>	<u>-</u>	<u>12,156,294</u>
Total capital assets	<u>12,386,302</u>	<u>28,992</u>	<u>-</u>	<u>12,415,294</u>
Less accumulated for:				
Buildings and Improvements	(4,727,876)	(180,794)	-	(4,908,670)
Equipment	<u>(1,514,147)</u>	<u>(39,612)</u>	<u>-</u>	<u>(1,553,759)</u>
Total accumulated	<u>(6,242,023)</u>	<u>(220,406)</u>	<u>-</u>	<u>(6,462,429)</u>
Net capital assets being depreciated	<u>5,885,279</u>	<u>(191,414)</u>	<u>-</u>	<u>5,693,865</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 6,144,279</u>	<u>\$ (191,414)</u>	<u>\$ -</u>	<u>\$ 5,952,865</u>

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

Depreciation expense was charged to functions as follows:

## Governmental Activities

Instruction:

Regular instruction \$ 149,172

Support services:

Administration 20,168

Buildings and grounds 51,066

Total governmental activities depreciation expense \$ 220,406

## Interfund Receivables/Payables and Transfers

### Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund - Special Education Fund	\$ 22,844
General Fund	Special Revenue Fund - Cooperative Program Fund	<u>1,947</u>
Total		<u>\$ 24,791</u>

All amounts are due within one year.

The principal purpose of these interfunds is to temporarily finance expenditures until all revenue sources are received. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made

### Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Special Revenue Fund - Special Education	General Fund	\$ 341,461	Finance Expenditures
Special Revenue Fund - Cooperative Program	General Fund	<u>3,391</u>	Finance Expenditures
Total		<u>\$ 344,852</u>	

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

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

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

## Short-Term Debt Activity

The District issues short-term debt for tax and revenue anticipation notes in advance of property tax collections. The fiscal year begins July 1, but tax collections from the municipalities are received beginning the following January.

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax and Revenue Anticipation Note	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Total	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>

The current tax and revenue anticipation note is due on September 10, 2021 and has an interest rate of 1.00%. Total short-term interest expended during the year was \$19,147.

## Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Other liabilities:					
Total pension liability	\$ 1,452,858	\$ 267,878	\$ 259,062	\$ 1,461,674	\$ -
Total other liabilities	<u>1,452,858</u>	<u>267,878</u>	<u>259,062</u>	<u>1,461,674</u>	<u>-</u>
Total governmental activities long- term liabilities	<u>\$ 1,452,858</u>	<u>\$ 267,878</u>	<u>\$ 259,062</u>	<u>\$ 1,461,674</u>	<u>\$ -</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed 5 percent of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2021, was \$58,763,084. Total general obligation debt outstanding at year end was \$0.

## Other Debt Information

Estimated payments of pension obligations are not included in the debt service requirement schedules. The pension obligations attributable to governmental activities will be liquidated primarily by the general fund.

## Net Position/Fund Balances

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

### Governmental Activities

Net investment in capital assets:	
Land	\$ 259,000
Other capital assets, net of accumulated depreciation	<u>5,693,865</u>
Total net investment in capital assets	<u>\$ 5,952,865</u>

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

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## Governmental Funds

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

### Committed

Nonmajor Funds:

Special Revenue Funds:

Food Service

\$ 58,419

Gift Trust

474

Total

\$ 58,893

### Assigned

Major Fund:

General Fund:

Future employee retirement liabilities

\$ 200,000

Future capital projects

400,000

Total

\$ 600,000

### Unassigned

Major Fund:

General fund

\$ 274,611



## 4. Other Information

### Employees' Retirement System

#### Plan Description

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

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

#### Vesting

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

#### Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

# Lake Country School District

Notes to Financial Statements

June 30, 2021

## Post-Retirement Adjustments

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

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

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

## Contributions

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

During the reporting period, the WRS recognized \$222,201 in contributions from the District.

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

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

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

At June 30, 2021, the District reported an asset of \$1,235,174 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 0.01978451 percent, which was a decrease of 0.00023866 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$145,558.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,787,676	\$ 385,062
Changes in assumptions	28,016	-
Net differences between projected and actual earnings on pension plan investments	-	2,318,940
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,098	2,629
Employer contributions subsequent to the measurement date	<u>130,423</u>	<u>-</u>
Total	<u>\$ 1,948,213</u>	<u>\$ 2,706,631</u>

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

\$130,423 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ (227,585)
2023	(62,411)
2024	(420,753)
2025	(178,092)

## Actuarial Assumptions

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

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

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

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

# Lake Country School District

Notes to Financial Statements

June 30, 2021

## Long-Term Expected Return on Plan Assets

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

<b>Core Fund Asset Class</b>	<b>Current Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
Global Equities	51 %	7.2 %	4.7 %
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<b>Variable Fund Asset Class</b>			
U.S Equities	70	6.2	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4 percent  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

## Single Discount Rate

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

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

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

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

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
District's proportionate share of the net pension liability / (asset)	\$ 1,175,714	\$ (1,235,174)	\$ (3,005,954)

## Pension Plan Fiduciary Net Position

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

At June 30, 2021, the District reported a payable to the pension plan of \$78,860, which represents contractually required contributions outstanding as of the end of the year.

## Risk Management

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

## Commitments and Contingencies

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

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

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

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

## Single-Employer Defined Benefit Pension Plan

### Plan Description

Upon the retirement of eligible Teachers, the District will provide a total benefit of \$90,000, which will be contributed in equal payments over a 60-month period into a 403(b) on behalf of the retiree. Similarly, fulltime, full year Support Staff that were hired prior to January 1, 2005 may also receive a 403(b) benefit of \$35,000 upon their retirement that will be paid out over a 36-month period. The District will also make 403(b) contributions on behalf of the District Administrator in the amount of \$9,000 for a period of 5 years. The Plan is administered by the District and does not issue a stand alone financial report..

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

Retirees and beneficiaries	9
Active members	<u>43</u>
Total	<u><u>52</u></u>

The District paid \$197,084 for pension benefits as they came due during the reporting period. The District is funding these benefits on a pay-as-you-go basis.

### Changes in Total Pension Liability

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

	<u>Total Pension Liability</u>
Beginning of Year Balance	\$ 1,452,858
Service cost	77,147
Interest on total pension liability	31,512
Benefit payments	(181,759)
Difference between expected and actual	159,219
Changes of assumptions	<u>(77,303)</u>
End of Year Balance	<u><u>\$ 1,461,674</u></u>

# Lake Country School District

Notes to Financial Statements  
June 30, 2021

## Assumptions

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

Measurement Date:	June 30, 2021
Actuarial Valuation Date:	June 30, 2020
Inflation:	2.00%
Salary Changes:	5.6% down to 0.1% in 35 years; includes merit increases plus inflation
Discount Rate:	2.25%
Source of Discount Rate:	Based upon all years of project payments discounted at a municipal bond rate of 2.25%
Source of Mortality Assumptions:	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
Dates of Experience Studies	Experience study conducted in 2018 using WRS experience from 2015-2017

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	<u>\$1,523,857</u>	<u>\$1,461,674</u>	<u>\$1,401,183</u>



# Lake Country School District

Notes to Financial Statements  
June 30, 2021

## Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2021, the District recognized pension expense of \$125,037.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 193,751	\$ -
Changes in assumptions	<u>55,894</u>	<u>114,075</u>
Total	<u>\$ 249,645</u>	<u>\$ 114,075</u>

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

<u>Year Ended June 30:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ 16,378
2023	16,378
2024	16,378
2025	16,378
2026	16,380
Thereafter	53,678

# Lake Country School District

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Notes to Financial Statements  
June 30, 2021

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

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

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

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**Lake Country School District**

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

Year Ended June 30, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Local	\$ 4,072,684	\$ 4,072,684	\$ 4,064,445	\$ (8,239)
Interdistrict	1,305,528	1,305,528	1,279,665	(25,863)
State	435,728	435,728	446,656	10,928
Federal	87,481	87,481	120,348	32,867
Other	-	-	16,133	16,133
	<u>5,901,421</u>	<u>5,901,421</u>	<u>5,927,247</u>	<u>25,826</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
Instruction	3,664,518	3,664,518	3,668,705	(4,187)
Support services	1,689,033	1,689,033	1,705,294	(16,261)
Non-program	198,227	198,227	231,235	(33,008)
	<u>5,551,778</u>	<u>5,551,778</u>	<u>5,605,234</u>	<u>(53,456)</u>
<b>Total expenditures</b>				
Excess of revenues over expenditures	349,643	349,643	322,013	(27,630)
<b>Other Financing Uses</b>				
Transfers out	(390,993)	(390,993)	(344,852)	46,141
	<u>(41,350)</u>	<u>(41,350)</u>	<u>(22,839)</u>	<u>18,511</u>
<b>Net change in fund balance</b>				
<b>Fund Balances, Beginning</b>			<u>897,450</u>	
<b>Fund Balances, Ending</b>			<u>\$ 874,611</u>	

See notes to required supplementary information

**Lake Country School District**

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Special Revenue Fund - Special Education Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				
Interdistrict	\$ 7,000	\$ 7,000	\$ 28,760	\$ 21,760
State	109,255	109,255	140,449	31,194
Federal	170,521	170,521	172,528	2,007
Total revenues	286,776	286,776	341,737	54,961
<b>Expenditures</b>				
Instruction:				
Special education	502,971	508,719	538,854	(30,135)
Vocational education	38,418	38,418	-	38,418
Total instruction	541,389	547,137	538,854	8,283
Support services:				
Pupil services	94,787	94,787	109,245	(14,458)
Instructional support services	18,839	18,839	15,569	3,270
Administration	3,060	3,060	1,409	1,651
Pupil transportation	19,694	19,694	18,121	1,573
Total support services	136,380	136,380	144,344	(7,964)
Total expenditures	677,769	683,517	683,198	319
Excess (deficiency) of revenues over expenditures	(390,993)	(396,741)	(341,461)	55,280
<b>Other Financing Sources</b>				
Transfer in	390,993	396,741	341,461	(55,280)
Net change in fund balances	\$ -	\$ -	-	\$ -
<b>Fund Balances, Beginning</b>			-	
<b>Fund Balances, Ending</b>			\$ -	

See notes to required supplementary information

**Lake Country School District**

Schedule of Changes in the Total Pension Liability  
 Single Employer Defined Benefit Pension Plan  
 Year Ended June 30, 2021

<u>Fiscal Year Ending</u>	<u>Beginning Balance</u>	<u>Service Cost</u>	<u>Interest on Total Pension Liability</u>	<u>Difference Between Expected and Actual Experience</u>	<u>Benefit Payments</u>	<u>Change of Assumptions</u>	<u>Ending Balance</u>	<u>District's Proportionate Share</u>	<u>Nonemployer Contributing Entity's Proportionate Share</u>
6/30/17	\$ 1,363,979	\$ 77,653	\$ 40,105	\$ -	\$ (132,036)	\$ -	\$ 1,349,701	100%	0%
6/30/18	1,349,701	77,653	40,320	-	(89,072)	(42,685)	1,335,917	100%	0%
6/30/19	1,335,917	70,041	49,441	75,681	(105,034)	(31,184)	1,394,862	100%	0%
6/30/20	1,394,862	63,004	47,742	-	(124,614)	71,864	1,452,858	100%	0%
6/30/21	1,452,858	77,147	31,512	159,219	(181,759)	(77,303)	1,461,674	100%	0%

Schedule of Covered Payroll  
 Single Employer Defined Benefit Pension Plan  
 Year Ended June 30, 2021

<u>Fiscal Year Ending</u>	<u>Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Total Pension Liability as a Percentage of Covered Payroll</u>
6/30/17	\$ 1,349,701	\$ 2,706,620	49.87%
6/30/18	1,335,917	2,706,620	49.36%
6/30/19	1,394,862	2,610,796	53.43%
6/30/20	1,452,858	2,610,796	55.65%
6/30/21	1,461,674	2,772,362	52.72%

See notes to required supplementary information

## Lake Country School District

Schedule of District's Proportionate Share of the Net Pension (Liability) Asset -

Wisconsin Retirement System

Year Ended June 30, 2021

WRS Fiscal Year End Date	Proportion of the Net Pension (Liability) Asset	Proportionate Share of the Net Pension (Liability) Asset	Covered Payroll	Proportionate Share of the Net Pension (Liability) Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/14	0.02304453%	\$ 566,037	\$ 3,121,039	18.14%	102.74%
12/31/15	0.02241306%	(364,208)	3,044,223	11.96%	98.20%
12/31/16	0.02176068%	(179,360)	3,056,968	5.87%	99.12%
12/31/17	0.02107914%	625,864	3,035,107	20.62%	102.93%
12/31/18	0.02053719%	(730,648)	3,042,005	24.02%	96.45%
12/31/19	0.02002317%	645,638	3,153,136	20.48%	102.96%
12/31/20	0.01978451%	1,235,174	3,264,666	37.83%	105.26%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended June 30, 2021

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 219,807	\$ 219,807	\$ -	\$ 3,121,039	7.04%
6/30/16	208,253	208,253	-	3,044,223	6.84%
6/30/17	212,379	212,379	-	3,140,210	6.76%
6/30/18	204,667	204,667	-	2,938,342	6.97%
6/30/19	201,451	201,451	-	3,571,788	5.64%
6/30/20	215,448	215,448	-	3,681,495	5.85%
6/30/21	201,762	201,762	-	3,608,143	5.59%

See notes to required supplementary information

## Lake Country School District

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Notes to Required Supplementary Information  
Year Ended June 30, 2021

### **Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principals and the modified accrual basis of accounting. Budgets are adopted for all governmental funds.

Budgets are adopted at the function level in the General Fund and the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

### **Funding Progress Data**

The data presented in the Schedule of Funding Progress was taken from the report issued by the actuary.

### **Wisconsin Retirement System (WRS) Pension**

The amounts presented in relation to the schedule of employer's proportionate share of the net pension asset and the schedule of employer contributions represents the specific data of the District. The information was derived using a combination of the employer's contribution data along with data provided by the Wisconsin Retirement System in relation to the District as a whole.

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

*Changes of assumptions.* There were no changes in the assumptions.

### **Single Employer Defined Benefit Pension Plan**

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

*Accumulation of assets.* No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in plan.

*Changes of assumptions.* The mortality assumptions changed from using 2012 WRS report to using the 2018 report. The experience study changed from using 2012-2014 WRS experience to using 2015-2017 data.



## **SUPPLEMENTARY INFORMATION**

**Lake Country School District**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2021

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Funds</b>
	<b>Gift Trust</b>	<b>Food Service</b>	<b>Community Service</b>	<b>Cooperative Program</b>	
<b>Assets</b>					
Cash and investments	\$ 502	\$ 52,849	\$ -	\$ -	\$ 53,351
Due from other governments	1,919	14,743	-	1,947	18,609
Total assets	<u>\$ 2,421</u>	<u>\$ 67,592</u>	<u>\$ -</u>	<u>\$ 1,947</u>	<u>\$ 71,960</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,947	\$ 1,200	\$ -	\$ -	\$ 3,147
Accrued salaries and related items	-	7,973	-	-	7,973
Due to other funds	-	-	-	1,947	1,947
Total liabilities	<u>1,947</u>	<u>9,173</u>	<u>-</u>	<u>1,947</u>	<u>13,067</u>
<b>Fund Balances</b>					
Committed	474	58,419	-	-	58,893
Total liabilities and fund balances	<u>\$ 2,421</u>	<u>\$ 67,592</u>	<u>\$ -</u>	<u>\$ 1,947</u>	<u>\$ 71,960</u>

**Lake Country School District**

Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended June 30, 2021

	<b>Special Revenue Funds</b>				<b>Total Governmental Funds</b>
	<b>Gift Trust</b>	<b>Food Service</b>	<b>Community Service</b>	<b>Cooperative Program</b>	
<b>Revenues</b>					
Local	\$ 10,899	\$ 28,334	\$ 56,081	\$ 1,947	\$ 97,261
State	-	2,996	-	-	2,996
Federal	-	195,953	-	-	195,953
Total revenues	10,899	227,283	56,081	1,947	296,210
<b>Expenditures</b>					
Instruction	27,026	-	-	-	27,026
Support:					
Food service	-	195,740	-	-	195,740
Community service	-	-	59,230	-	59,230
Cooperative program	-	-	-	6,489	6,489
Total support services	-	195,740	59,230	6,489	261,459
Total expenditures	27,026	195,740	59,230	6,489	288,485
Excess (deficiency) of revenues over expenditures	(16,127)	31,543	(3,149)	(4,542)	7,725
<b>Other Financing Sources</b>					
Transfers in	-	-	-	3,391	3,391
Net change in fund balance	(16,127)	31,543	(3,149)	(1,151)	11,116
<b>Fund Balances, Beginning</b>	16,601	26,876	3,149	1,151	47,777
<b>Fund Balances, Ending</b>	\$ 474	\$ 58,419	\$ -	\$ -	\$ 58,893

**Lake Country School District**

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

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>Federal Catalog Number</u>	<u>Pass - Through Agency Numbers</u>	<u>Program or Award Amount</u>	<u>Accrued Receivable 7/1/20</u>	<u>Expenditures Grantor</u>	<u>Receipts Grantor Reimbursements</u>	<u>Accrued Receivable 6/30/21</u>
<b>U.S. Department of Education</b>							
State of Wisconsin							
Wisconsin Department of Public Instruction							
<u>ESEA Title I - Title I, Part A Cluster</u>							
July 1, 2020 - June 30, 2021	84.010	2021-673862-DPI-TIA-141	\$ 27,405	\$ -	\$ 26,901	\$ 26,901	\$ -
<u>ESEA II-A Teacher/Principal Training</u>							
July 1, 2019 - June 30, 2020	84.367	2021-673862-DPI-TIIA-365	11,548	11,548	-	11,548	-
July 1, 2020 - June 30, 2021			8,686	-	8,041	8,041	-
				<u>11,548</u>	<u>8,041</u>	<u>19,589</u>	<u>-</u>
<u>ESEA IV-A</u>							
July 1, 2020 - June 30, 2021	84.424	2021-673862-DPI-TIV-A-381	9,999	-	9,001	8,170	831
Special Education Cluster IDEA							
<u>IDEA Flow Through</u>							
July 1, 2020 - June 30, 2021	84.027	2021-673862-DPI-IDEA-FT-341	161,932	-	161,932	141,419	20,513
<u>IDEA Preschool Entitlement</u>							
July 1, 2020 - June 30, 2021	84.173	2021-673862-DPI-IDEA-P-347	3,589	-	3,589	3,589	-
Total Special Education Cluster IDEA			165,521	-	165,521	145,008	20,513
<u>COVID- 19 Elementary and Secondary School Emergency Relief</u>							
July 1, 2020 - June 30, 2021	84.425D	2021-673862-DPI-ESSERF-160	40,000	-	32,727	17,207	15,521
<u>COVID- 19 Elementary and Secondary School Emergency Relief II</u>							
July 1, 2020 - June 30, 2021	84.425D	2021-673862-DPI-ESSERF-160	40,000	-	40,000	-	40,000
				<u>-</u>	<u>72,727</u>	<u>17,207</u>	<u>55,521</u>
<b>U.S. Department of Health Services</b>							
Passed through Wisconsin Department of Health Services							
Medicaid Cluster							
Medical Assistance	93.778	Not Available	9,619	-	10,685	10,685	-
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
State of Wisconsin							
Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
<u>Food Distribution Program</u>							
July 1, 2020 - June 30, 2021	10.555	2021-673862-DPI-NSL-547	14,175	-	14,175	14,175	-
<u>National School Lunch Program</u>							
July 1, 2019 - June 30, 2020 - COVID 19	10.555	2021-673862-DPI-NSL-547	40,677	12,532	-	12,532	-
July 1, 2020 - June 30, 2021			181,778	-	181,778	167,035	14,743
Total Child Nutrition Cluster				<u>12,532</u>	<u>195,953</u>	<u>193,742</u>	<u>14,743</u>
Total				<u>\$ 24,080</u>	<u>\$ 488,829</u>	<u>\$ 421,302</u>	<u>\$ 91,608</u>

See notes to schedule of expenditures of federal and state awards

**Lake Country School District**

Schedule of Expenditures of State Awards

Year Ended June 30, 2021

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>State Revenues</u>
<b>Wisconsin Department of Public Instruction</b>		
General Equalization	255.201	\$ 31,705
Special Education and School Age Parents	255.101	124,150
State Lunch	255.102	2,996
Common School Fund	255.103	13,253
Pupil Transportation	255.107	12,052
Supplemental Per Pupil Aid	255.245	1,094
Per Pupil Adjustment Aid	255.945	267,120
Assessment of Reading Readiness Public	255.956	1,232
Educator Effective Eval Sys Grants	255.940	4,480
High Cost Special Education Aid	255.210	<u>16,299</u>
Total nonmajor programs		<u>474,381</u>
<b>Department of Justice</b>		
School Safety Initiative Grant	455.206	<u>3,000</u>
Total		<u>\$ 477,381</u>

*See notes to schedule of expenditures of federal and state awards*

## Lake Country School District

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

### Note

1. The Schedules of Expenditures of Federal and State Awards include all of the funds of Lake Country School District. The reporting entity for the District is based upon criteria established by the Governmental Accounting Standards Board.  
  
State programs reported include only those programs required to be included by the *State Single Audit Guidelines*.
2. The accounting records for the grant programs are maintained on the modified accrual basis of accounting.
3. The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.
4. There were findings of internal control over financial reporting identified in the *Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of the Financial Statements Performed in Accordance with Government Auditing Standards* for the year ended June 30, 2020. The prior year findings identified as Finding No.'s 2020-001 and 2020-002 are still applicable and are listed as Numbers 2021-001 and 2021-002.
5. Eligible costs for special education under project 011 were \$360,488 for the year ended June 30, 2021.

## **OTHER INFORMATION**

**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 School Board of  
Lake Country School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Country 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 Lake Country School District's basic financial statements and have issued our report thereon dated December 2, 2021.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

## **Lake Country School District's Response to Findings**

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

## **Purpose of this Report**

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

Milwaukee, Wisconsin  
December 2, 2021

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

To the School Board of  
Lake Country School District

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### **Opinion on Each State Program with Required Procedures**

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Wisconsin Department of Public Instruction and which is described in the accompanying schedule of findings and responses as item 2021-003. Our opinion on state program is not modified with respect to this matter.

### **Lake Country School District's Response to Findings**

Lake Country School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Lake Country School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and responses as item 2021-003, that we consider to be a significant deficiency

### **District's Response to Finding**

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

### **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 testing based on requirements of the *Wisconsin Public School District Manual*. Accordingly, this report is not suitable for any other purpose.

**Lake Country School District**

Schedule of Findings and Responses  
 Year Ended June 30, 2021

**Section I: Summary of Auditors' Results**

**Financial Statements**

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting

Material weakness(es) identified?

  X   yes

       no

Significant deficiency(ies) identified?

       yes

  X   none reported

Noncompliance material to the financial statements?

       yes

  X   no

**State Programs with Required Procedures**

Internal control over compliance

Material weakness(es) identified?

       yes

  X   no

Significant deficiency(ies) identified?

  X   yes

       none reported

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

Unmodified

Any audit findings disclosed that are required to be reported?

  X   yes

       no

Identification of state programs with required procedures:

**State ID Number**

**Name of State Program or Cluster**

255.101  
 255.201

Special Education and School Age Parents  
 General Equalization

Section II: Financial Statement Findings

**Finding No. 2021-001 - Segregation of Duties**

*Criteria -*

Management is responsible for establishing and maintaining effective internal control over financial reporting, the selection and application of accounting principles and the safeguarding of assets. Proper segregation of duties provides a system of checks and balances on the accounting system and reduces the risk of errors and irregularities, both intentional and unintentional.

*Condition -*

The size of the District's office staff precludes an adequate segregation of accounting and reporting functions necessary to ensure an adequate internal control system. The District primarily operates its accounting and reporting functions with one individual.

*Cause -*

The District has not assigned duties to have appropriate controls in place.

*Effect -*

Errors or irregularities could occur and go unnoticed for an extended time.

*Recommendation -*

Continued monitoring and supervision of the accounting and reporting functions by management and the elected body. Monthly reporting of actual results, both revenues and expenditures, to budget.

*District Response and Corrective Action Plan -*

Although management does not prepare the financial statements, draft copies of the report is reviewed and approved prior to its issuance by management. This review includes verifying amounts to the general ledger and other documentation such as grant agreements, debt documents, etc. Management does attend annual training sessions which include content relating to current financial reporting requirements and new accounting standards. Currently, management has not implemented controls to evaluate and determine whether the financial statements conform to the requirements of accounting principles generally accepted in the United States of America. As such, management will continue to rely on the auditors to assist in preparing the District's financial statements.

**Finding No. 2021-002 - Financial Reporting**

*Criteria -*

Statement on Auditing Standards AU - C 265 requires the communication to the Board of significant deficiencies and material weaknesses in the year end financial reporting process.

*Condition -*

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

*Cause -*

The District has chosen to have the auditors prepare the financial statements.

*Effect -*

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

*Recommendation -*

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

*District Response and Corrective Action Plan -*

Although some segregation of duties issues exist due to the limited number of personnel, management believes that certain controls are in place to mitigate these issues, such as the review of bank reconciliations, payroll reports and journal entries by the administrator, other members of management or Board of Education members who possess the skills, knowledge and experience related to these processes to identify and correct errors.

**Section III: State Programs with Required Procedures Compliance Findings**

**Finding No. 2021-003 - Special Education**

*Criteria -*

According to the guidance provided in the State of Wisconsin Statutes section 115.88, "staff must be appropriately licensed for a special education work assignment listed in state statute in order for their salary and benefits to be eligible for aid".

*Condition -*

During our testing for valid special education licensure, we noted one out of nineteen individuals who did not have a proper license. Salary and benefits totaled \$6,511 for this individual.

Accordingly, the information noted above was communicated to DPI on the No Valid License / Questioned Cost Worksheet for ultimate resolution between the District and DPI. The sample was not statistically valid.

*Cause -*

Factors that would cause a staff to be listed on the NVL report include; there was a delay in receiving notification of licensing requirements; due to COVID the district and DPI were not aware of NVL issue occurring for this individual; and there may have been an issue with individual failing to respond to DPI requests.

*Questioned Costs -*

Could not be determined.

*Effect -*

Salary and benefit amounts for the individuals with a licensure mismatch may have been improperly reported in Project 011 and if so, improperly included in the aid calculation.

*Recommendation -*

We recommend management review and revise as necessary, existing processes and procedures to monitor the licensing status of special education teachers to ensure that they are appropriately licensed.

*District Response and Corrective Action Plan -*

The district immediately removed the employee from Special Education duties upon discovering failure to acquire licensure. Moving forward the district will ensure staff is properly licensed prior to making new hires.