

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

SCHOOL DISTRICT OF WEST SALEM  
WEST SALEM, WISCONSIN

June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

Members of the School Board  
School District of West Salem  
West Salem, Wisconsin

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

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

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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

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

### **Opinions**

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

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information identified in the table is contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as well as the schedule of expenditures of state awards and

other supplemental information listed in the table of contents, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining statements and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, the schedule of state financial assistance, and other supporting schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules and statements 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 November 22, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*Trotter & Temp, S.C.*

November 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Salem School District  
**Management's Discussion and Analysis - Continued**  
Year ended June 30, 2021

This discussion and analysis of the School District of West Salem's financial information provides an overall review of financial activities for the fiscal year. The analysis focuses on School District financial performance as a whole. Revenue and expense comparisons to the prior fiscal year are used throughout this discussion and analysis letter. It should be read in conjunction with the Letter of Transmittal at the front of this report and the District's financial statements, which immediately follow this section.

### **Financial Highlights**

Total governmental funds revenues were \$28,456,592; including \$9,602,394 of property taxes, \$14,129,935 of state aids and grants, and \$1,814,713 of federal grants. Total governmental fund expenditures were \$29,499,175, including \$12,533,043 for direct instruction. Other financing sources from capital leases of \$1,534,720 and proceeds from sale of fixed assets of \$364,014.

The District's total long-term obligations decreased by \$2,344,398. The liability for General obligation bonds decreased by \$1,311,528, capital leases increased by \$887,233, accrued interest on debt decreased by \$5,613, premium on bonded debt refinancing decreased by \$22,392, supplemental pension benefits increased by \$453,584, post-retirement health care and other benefits decreased by \$66,133, and the liability for sick and vacation payable increased by \$9,864. The District's share of the net pension liability for the Wisconsin Retirement System decreased by \$2,289,413.

The District's financial position as of June 30, 2021, as reflected by total net position, was \$30,444,086 an increase of \$2,717,200 from the District's restated July 1, 2021 net position. The July 1, 2021 net position was restated to reclass \$317,888 of scholarship funds from a fiduciary fund to its special revenue trust fund in order to implement GASB Statement Number 84 in the fiscal year ending June 30, 2021.

### **Overview of the Financial Statements**

The comprehensive annual financial report consists of three parts: management's discussion and analysis, basic financial statements including notes to the financial statements, and required and other supplementary information.

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

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

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.



West Salem School District  
**Management's Discussion and Analysis - Continued**  
Year ended June 30, 2021

Required and other supplementary information further explains and supports the financial statements by including additional schedules on pension and OPEB information and also a comparison of the District's budget data for the year.

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

	District Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.	Assets held by the District on behalf of others. Other post employment benefits trust and scholarship trust accounts are reported here.
Required financial statements	*Statement of net position *Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balance	* Statement of fiduciary net position * Statement of changes in fiduciary net position.
Basis of accounting and measurement focus	*Accrual accounting *Economic resources focus.	*Modified accrual accounting *Current financial resources focus	* Accrual accounting * Economic resources focus
Type of asset and liability information	All assets, deferred outflows, liabilities, and deferred inflows of resources; both financial and capital, short-term and long-term.	Generally, assets, deferred outflows expected to be used up, liabilities, and deferred inflows that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable.	All revenues or deductions during the year, regardless of when cash is received or paid.

West Salem School District  
**Management's Discussion and Analysis - Continued**  
Year ended June 30, 2021

**District-wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Activities reports all revenues and expenses used to support District activities. The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities should be considered. In the District-wide financial statements, the District's activities are divided into two categories:

- Governmental activities – All of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, community programs, food service and administration. Property taxes and state equalization aid finance most of these activities.
- Business-type activities – Activities that are intended to be mostly self-supporting and meet certain accounting criteria are considered business-type activities. The District has no business-type activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as capital project funds).

The District has two kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments, as is reported on the District-wide statements.

West Salem School District  
**Management's Discussion and Analysis - Continued**  
Year ended June 30, 2021

**Fund Financial Statements - Continued**

- Fiduciary funds – The District serves as a trustee, or fiduciary, for its scholarship funds and employee benefit trust fund. The assets of these organizations and trust funds belong to the organization or trust and not to the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

**Financial Analysis of the District as a Whole**

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2021, compared to 2020. The District's total net position was \$30,444,086 at June 30, 2021.

	Governmental Activities		Total School District		Total % Change
	2019-2020	2020-2021	2019-2020	2020-2021	
<b>Assets</b>					
Current assets	\$ 4,355.5	\$ 5,494.8	\$ 4,355.5	\$ 5,494.8	26.16%
Capital assets and other assets	53,910.3	56,091.7	53,910.3	56,091.7	4.05%
<b>Total assets</b>	<b>58,265.8</b>	<b>61,586.5</b>	<b>58,265.8</b>	<b>61,586.5</b>	<b>5.70%</b>
Deferred outflow s of resources	5,482.7	7,798.3	5,482.7	7,798.3	42.23%
Total assets and deferred outflow s of resources	63,748.5	69,384.8	63,748.5	69,384.8	8.84%
<b>Liabilities</b>					
Deferred inflow s of resources	29,354.5	28,811.2	29,354.5	28,811.2	-1.85%
Total liabilities and deferred inflow s of resources	6,985.0	10,129.5	6,985.0	10,129.5	45.02%
<b>Net Position</b>					
Net investment in capital assets	24,630.5	25,272.8	24,630.5	25,272.8	2.61%
Restricted	1,466.6	3,441.0	1,466.6	3,441.0	134.62%
Unrestricted	1,311.9	1,730.3	1,311.9	1,730.3	31.89%
<b>TOTAL NET POSITION</b>	<b>\$ 27,409.0</b>	<b>\$ 30,444.1</b>	<b>\$ 27,409.0</b>	<b>\$ 30,444.1</b>	<b>11.07%</b>
Note: Totals may not add due to rounding					

For the year ended June 30, 2021, the largest portion of the District's net position is its net investment in capital assets of \$25,272,811 (e.g. land, buildings, and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets). These assets are used to provide services to students and consequently are not available for

West Salem School District  
**Management's Discussion and Analysis - Continued**  
Year ended June 30, 2021

**Financial Analysis of the District as a Whole – Continued**

future spending. Restricted net position accounts for \$3,440,990 of total net position. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20). The restricted net position is comprised \$3,085,647 restricted for other activities and for \$355,343 for debt service. Unrestricted net position for the District accounts for the final \$1,730,285 of total net position.

	Governmental Activities		Total School District		Total % Change
	2019-2020	2020-2021	2019-2020	2020-2021	
Revenues					
Program revenues					
Charges for services	\$ 746.3	\$ 356.4	\$ 746.3	\$ 356.4	-52.24%
Operating grants & contributions	2,855.3	3,401.3	2,855.3	3,401.3	19.12%
Capital grants & contributions	-	-	-	-	0.00%
General revenues					
Property taxes	9,282.9	9,602.4	9,282.9	9,602.4	3.44%
State and federal aid	13,989.1	15,004.6	13,989.1	15,004.6	7.26%
Gain on sale of fixed assets	2.4	136.7	2.4	136.7	5595.83%
Other	125.8	64.3	125.8	64.3	-48.89%
Total revenues	27,001.8	28,565.7	27,001.8	28,565.7	5.79%
Expenses					
Instruction	12,986.5	12,226.3	12,986.5	12,226.3	-5.85%
Pupil & instructional services	2,126.6	2,436.5	2,126.6	2,436.5	14.57%
General & Building Administration	1,693.3	1,636.5	1,693.3	1,636.5	-3.35%
Business Administration	3,566.0	3,371.2	3,566.0	3,371.2	-5.46%
Central	228.4	256.1	228.4	256.1	12.13%
Debt service	768.1	744.3	768.1	744.3	-3.10%
Community service	107.2	77.3	107.2	77.3	-27.89%
Food service	929.1	936.6	929.1	936.6	0.81%
Insurance	247.7	226.2	247.7	226.2	-8.68%
Depreciation	1,205.8	1,259.1	1,205.8	1,259.1	4.42%
Other	2,204.1	2,678.4	2,204.1	2,678.4	21.52%
Total expenses	26,062.8	25,848.5	26,062.8	25,848.5	-0.82%
<b>CHANGE IN NET POSITION</b>	\$ 939.0	\$ 2,717.2	\$ 939.0	\$ 2,717.2	

Note: Totals may not add due to rounding

Table 2 provides summarized operating results and their impact on net position. Governmental activities increased the financial position of the District by \$2,717,200. This is mainly a result of conservative spending and decreasing liabilities for the District's OPEB and pension liabilities.

West Salem School District  
**Management's Discussion and Analysis - Continued**  
Year ended June 30, 2021

**Financial Analysis of the District as a Whole – Continued**

The District's revenues from governmental activities are primarily from property taxes (34%), unrestricted state and federal aids (53%) and operating grants and contributions (12%).

Table 3 presents the cost of the major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

<b>Table 3</b>							
<b>Net Cost of Government Activities</b>							
(in thousands of dollars)							
	Total Cost of Services			Percentage Change	Net Cost of Services		Percentage Change
	2019-2020	2020-2021			2019-2020	2020-2021	
Expenses							
Instruction	\$ 12,986.5	\$ 12,226.3	-6%	\$ 11,099.8	\$ 10,233.4	-8%	
Pupil & instructional services	2,126.6	2,436.5	15%	1,624.3	1,965.7	17%	
General & Building Administration	1,693.3	1,636.5	-3%	1,692.4	1,632.4	-4%	
Business Administration	3,566.0	3,371.2	-5%	3,276.6	3,208.7	-2%	
Central	228.4	256.1	12%	228.2	256.2	11%	
Debt service	768.1	744.3	-3%	768.1	744.3	-3%	
Community service	107.2	77.3	-28%	98.5	65.4	-51%	
Food service	929.1	936.6	1%	100.5	(61.2)	264%	
Insurance	247.7	226.2	-9%	245.0	203.2	-21%	
Depreciation	1,205.8	1,259.1	4%	1,205.8	1,259.1	4%	
Other	2,204.1	2,678.4	22%	2,122.1	2,583.7	18%	
<b>TOTAL EXPENSES</b>	<b>\$ 26,062.8</b>	<b>\$ 25,848.5</b>		<b>\$ 22,461.3</b>	<b>\$ 22,090.9</b>		

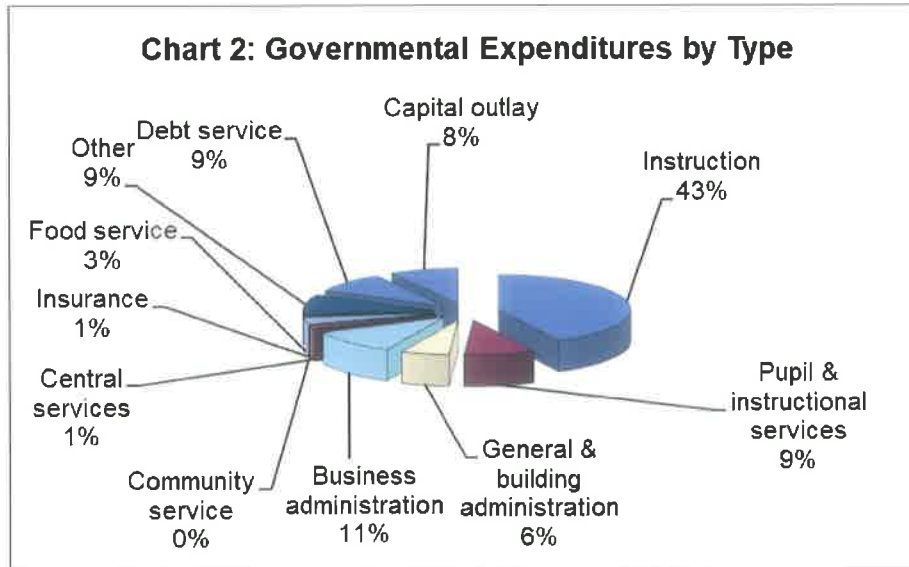
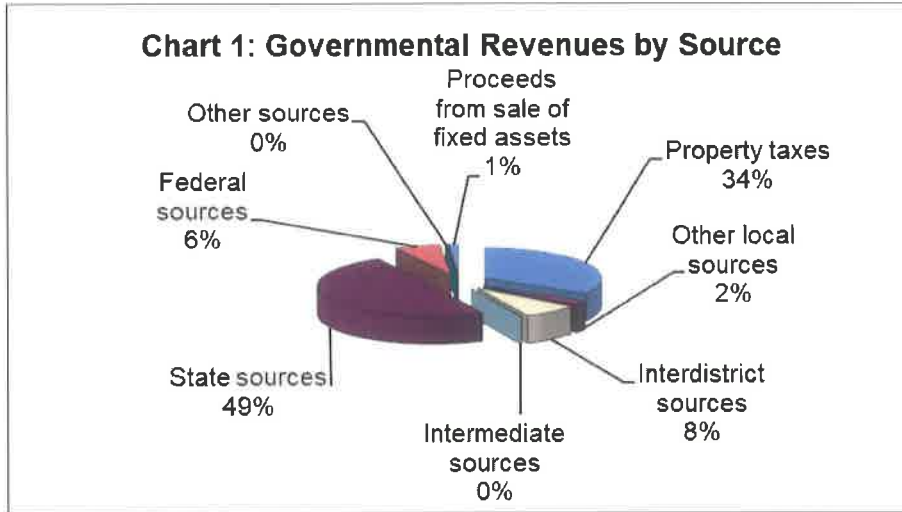
Note: Totals may not add due to rounding

The cost of all governmental activities this year was \$25,848,491. Individuals who directly participated or benefited from a program offering paid \$356,381 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,401,286. The net cost of governmental activities of \$22,090,824 was financed by general revenues of the District.

West Salem School District  
**Management's Discussion and Analysis - Continued**  
 Year ended June 30, 2021

**Financial Analysis of the District's Governmental Fund Statements**

The composition of governmental revenues by source are illustrated in Chart 1 below. Chart 2 details governmental expenditures by type.



West Salem School District  
**Management's Discussion and Analysis - Continued**  
 Year ended June 30, 2021

**Financial Aspect of the District's Fund Balance**

The District completed the year with a total governmental fund balance of \$4,763,220. The fund balance increased \$856,151 from the District's restated beginning fund balance of \$3,907,069. Important factors affecting fund balance include:

- The District general fund balance increased \$637,342 due to conservative spending in the general fund.
- The District's capital improvement trust fund of \$400,024 increase mostly from a transfer from the general fund.

**General Fund Budgetary Highlights**

The District reviews an interim budget in May for the subsequent year (beginning July 1<sup>st</sup>). Consistent with current state statutes and regulations an *original* budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District modified its original expenditure budget in 2020-21 by a net of \$408,794 that included increased revenues and reallocations between building budgets mainly due to receiving ESSER Grant funds received to aid in reopening schools.

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of fiscal year 2021, the District had invested \$76,177,469 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$24,686,218. Asset acquisitions for governmental activities totaled \$2,642,558. The District recognized depreciation expense of \$1,845,332 for the year ended June 30, 2021. Detailed information about capital assets can be found in Note 6 to the financial statements.

<b>Table 4</b>			
<b>Capital Assets</b>			
(net of depreciation, in thousands of dollars)			
	Governmental Activities		
	2019-2020	2020-2021	
Land and site			
improvements	\$ 4,770.21	\$ 4,770.21	
Buildings & building improvements	62,255.48	62,800.05	
Equipment & furniture	7,669.07	8,607.22	
Construction in process	174.39	-	
Accumulated depreciation	(23,773.42)	(24,686.22)	
<b>TOTAL</b>	<b>\$ 51,095.73</b>	<b>\$ 51,491.26</b>	

Note: Totals may not add due to rounding

West Salem School District  
**Management's Discussion and Analysis - Continued**  
 Year ended June 30, 2021

**Long-Term Debt**

At year-end, the District had \$26,218,496 in general obligation bonds and capital leases payable – a net decrease of \$424,295 from July 1, 2020.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated to the debt service fund for annual debt service payments.

<b>Table 5</b>			
<b>Outstanding Long-Term Obligations</b>			
<b>Total School District</b>			
	<u>2019-2020</u>	<u>2020-2021</u>	Total Percentage Change
General obligation debt	\$ 26,642.79	\$ 26,218.50	-1.62%
Other	(996.33)	(2,910.82)	65.77%
<b>TOTAL</b>	<u>\$ 25,646.46</u>	<u>\$ 23,307.68</u>	-10.03%

**Factors Bearing on the District's Future**

Current known circumstances that will impact the District's financial status in the future are:

- The impact of the continued current state fiscal practices.
- A successful referendum result in 2022.
- The district to maintain stable enrollment numbers.
- Managing the tax rate for all school district residents.

**Contacting the District's Financial Management**

The financial report is designed to provide our citizens, taxpayers, customers, 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 any questions about this report or need additional financial information, contact the Director of Finance (608) 786-0700, School District of West Salem, 405 E. Hamlin St, West Salem, WI 54669.



FINANCIAL SECTION

School District of West Salem  
**STATEMENT OF NET POSITION**  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
<b>Current assets</b>	
Cash and investments	\$ 1,856,033
Receivables	
Taxes	2,648,074
Accounts	361,348
Due from other funds	10,311
Due from other governments	598,862
Prepaid expenses	20,155
Total current assets	5,494,783
<b>Noncurrent assets</b>	
Capital assets not being depreciated	2,170,597
Property, plant and equipment, net of depreciation	49,320,654
Net capital assets	51,491,251
Net pension asset - WRS	4,600,419
Total noncurrent assets	56,091,670
Total assets	61,586,453
<b>Deferred outflows of resources</b>	
Pension plan - WRS	7,284,226
Other post-employment benefits	514,031
	7,798,257
<b>Total assets and deferred outflows of resources</b>	\$ 69,384,710
<b>Liabilities</b>	
<b>Current liabilities</b>	
Current portion of long-term obligations	\$ 1,358,320
Accounts payable	30,174
Accrued liabilities	
Payroll, payroll taxes, and employee benefits	654,498
Interest	171,515
Unearned revenue	46,891
Total current liabilities	2,261,398
<b>Noncurrent liabilities</b>	
Noncurrent portion of long-term obligations	26,549,774
Total liabilities	28,811,172
<b>Deferred inflows of resources</b>	
Pension plan - WRS	10,071,203
Other post-employment benefits	58,249
	10,129,452
<b>Net position</b>	
Net investment in capital assets	25,272,811
Restricted	
Debt service	355,343
Other activities	3,085,647
Unrestricted	1,730,285
Total net position	30,444,086
<b>Total liabilities, deferred inflows of resources, and net position</b>	\$ 69,384,710

The accompanying notes are an integral part of this statement.

School District of West Salem  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					
<b>Current</b>					
<b>Instruction</b>					
Regular instruction	\$ 7,712,828	\$ 111,817	\$ 97,975	\$ -	\$ (7,503,036)
Vocational instruction	421,986	-	20,904	-	(401,082)
Special education instruction	2,685,933	-	1,290,711	-	(1,395,222)
Other instruction	1,405,504	126,516	344,909	-	(934,079)
Total instruction	<u>12,226,251</u>	<u>238,333</u>	<u>1,754,499</u>	<u>-</u>	<u>(10,233,419)</u>
<b>Support services</b>					
Pupil services	937,090	-	233,230	-	(703,860)
Instructional staff services	1,499,398	686	236,823	-	(1,261,889)
General administration services	445,932	-	-	-	(445,932)
School administration services	1,190,589	-	4,150	-	(1,186,439)
Business administration services	3,371,245	4,617	157,968	-	(3,208,660)
Central services	256,152	-	-	-	(256,152)
Insurance	226,164	-	22,983	-	(203,181)
Community services	77,317	11,919	-	-	(65,398)
Other support services	698,379	-	25,151	-	(673,228)
Food service	936,568	100,826	896,941	-	61,199
Depreciation - unallocated **	1,259,135	-	-	-	(1,259,135)
Total support services	<u>10,897,969</u>	<u>118,048</u>	<u>1,577,246</u>	<u>-</u>	<u>(9,202,675)</u>
<b>Non-program</b>					
Other non-program	1,979,991	-	69,541	-	(1,910,450)
Total non-program	<u>1,979,991</u>	<u>-</u>	<u>69,541</u>	<u>-</u>	<u>(1,910,450)</u>
<b>Debt service</b>	<u>744,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744,280)</u>
Total school district	<u>\$ 25,848,491</u>	<u>\$ 356,381</u>	<u>\$ 3,401,286</u>	<u>\$ -</u>	<u>(22,090,824)</u>
<b>General revenues</b>					
Property taxes					
General purposes					7,699,658
Mobile home taxes					40,591
Community services					109,500
Debt services					1,752,645
State and federal aids not restricted to specific functions					
General					11,722,465
Other					3,282,124
Interest and investment earnings					3,094
Gain on sale of fixed assets					136,707
Miscellaneous					61,240
Total general revenues					<u>24,808,024</u>
<b>Change in net position</b>					2,717,200
Net position at July 1, 2020 - as restated					<u>27,726,886</u>
Net position at June 30, 2021					<u>\$ 30,444,086</u>

\*\* This amount excludes the depreciation that is included in the direct expenses to various functions. See Note 6.

The accompanying notes are an integral part of this statement.

School District of West Salem

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 June 30, 2021

	General Fund	Special Revenue Trust Fund	Debt Service Funds	Capital Projects Fund	Other Governmental Funds	Total
<b>Assets</b>						
Cash and investments	\$ 597,832	\$ 706,909	\$ 351,382	\$ 4,017	\$ 195,893	\$ 1,856,033
Receivables						
Taxes	2,648,074	-	-	-	-	2,648,074
Accounts	360,539	460	-	-	349	361,348
Due from other funds	10,257	-	3,961	-	400,054	414,272
Due from other governments	571,195	-	-	-	27,667	598,862
Prepaid expenses	19,024	-	-	-	1,131	20,155
Total assets	<u>\$ 4,206,921</u>	<u>\$ 707,369</u>	<u>\$ 355,343</u>	<u>\$ 4,017</u>	<u>\$ 625,094</u>	<u>\$ 5,898,744</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 30,148	\$ 26	\$ -	\$ -	\$ -	\$ 30,174
Accrued liabilities						
Payroll, payroll taxes, and employee benefits	635,359	887	-	-	18,252	654,498
Due to other funds	400,000	-	-	3,961	-	403,961
Unearned revenue	-	-	-	-	46,891	46,891
Total liabilities	<u>1,065,507</u>	<u>913</u>	<u>-</u>	<u>3,961</u>	<u>65,143</u>	<u>1,135,524</u>
<b>Fund balances</b>						
Nonspendable	15,199	-	-	-	1,131	16,330
Restricted	5,798	706,456	355,343	56	558,820	1,626,473
Unrestricted						
Unassigned	3,120,417	-	-	-	-	3,120,417
Total fund balances	<u>3,141,414</u>	<u>706,456</u>	<u>355,343</u>	<u>56</u>	<u>559,951</u>	<u>4,763,220</u>
Total liabilities and fund balances	<u>\$ 4,206,921</u>	<u>\$ 707,369</u>	<u>\$ 355,343</u>	<u>\$ 4,017</u>	<u>\$ 625,094</u>	<u>\$ 5,898,744</u>

The accompanying notes are an integral part of this statement.

School District of West Salem  
**RECONCILIATION OF THE BALANCE SHEET -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
June 30, 2021

Fund balance - governmental funds \$ 4,763,220

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

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

Governmental capital assets	\$ 76,177,469	
Governmental accumulated depreciation	<u>(24,686,218)</u>	51,491,251

Deferred outflows of resources represent consumption of net position that apply to future periods and therefore are not reported in the fund statements.

Deferred outflows of resources consist of:

Pension plan - WRS	7,284,226	
Other post-employment benefits	<u>514,031</u>	7,798,257

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

General obligation debt	(24,718,472)	
Capital leases payable	(1,500,024)	
Accrued interest on general obligation debt	(171,515)	
Premium on bonded debt refinancing	(225,214)	
Compensated absences	(122,179)	
Net pension (liability) asset - WRS	4,600,419	
Supplemental pension asset	-	
Net OPEB liability	<u>(1,342,205)</u>	(23,479,190)

Deferred inflows of resources are acquisitions of net position that are applicable to future reporting periods and therefore are not reported in the fund statements.

Deferred inflows of resources consist of:

Pension plan - WRS	\$ (10,071,203)	
Other post-employment benefits	<u>(58,249)</u>	<u>\$ (10,129,452)</u>

<b>Total net position - governmental activities</b>		<u><u>\$ 30,444,086</u></u>
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The accompanying notes are an integral part of this statement.

School District of West Salem  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year ended June 30, 2021

	General Fund	Special Revenue Trust Fund	Debt Service Funds	Capital Projects Fund	Other Governmental Funds	Total
<b>Revenues</b>						
Property taxes	\$ 7,740,249	\$ -	\$ 1,752,645	\$ -	\$ 109,500	\$ 9,602,394
Other local sources	173,216	357,078	45	7	90,179	620,525
Interdistrict sources	2,162,724	-	-	-	19,232	2,181,956
Intermediate sources	25,004	-	-	-	-	25,004
State sources	14,114,200	-	-	-	15,735	14,129,935
Federal sources	934,287	-	-	-	880,426	1,814,713
Other sources	47,492	13,300	-	17,135	4,138	82,065
<b>Total revenues</b>	<b>25,197,172</b>	<b>370,378</b>	<b>1,752,690</b>	<b>17,142</b>	<b>1,119,210</b>	<b>28,456,592</b>
<b>Expenditures</b>						
<b>Current</b>						
<b>Instruction</b>						
Regular instruction	7,800,616	1,541	-	-	-	7,802,157
Vocational instruction	444,014	564	-	-	-	444,578
Special instruction	2,823,025	155	-	-	-	2,823,180
Other instruction	1,101,191	361,937	-	-	-	1,463,128
Total instruction	12,168,846	364,197	-	-	-	12,533,043
<b>Support services</b>						
Pupil services	977,641	3,432	-	-	-	981,073
Instructional staff services	1,565,107	-	-	-	-	1,565,107
General administration services	469,234	-	-	-	-	469,234
Building administration services	1,269,851	4,150	-	-	-	1,274,001
Business administration services	3,305,937	-	-	-	-	3,305,937
Central services	257,045	-	-	-	-	257,045
Insurance	226,164	-	-	-	-	226,164
Community service	-	-	-	-	78,737	78,737
Other support services	683,610	20,442	-	-	-	704,052
Food service	-	-	-	-	947,715	947,715
Total support services	8,754,589	28,024	-	-	1,026,452	9,809,065
<b>Non-program services</b>	1,979,991	-	-	-	-	1,979,991
<b>Debt service</b>	686,605	-	2,022,303	-	-	2,708,908
<b>Capital outlay</b>	2,200,777	72,742	-	194,649	-	2,468,168
<b>Total expenditures</b>	<b>25,790,808</b>	<b>464,963</b>	<b>2,022,303</b>	<b>194,649</b>	<b>1,026,452</b>	<b>29,499,175</b>
Excess (deficiency) of revenues over expenditures	(593,636)	(94,585)	(269,613)	(177,507)	92,758	(1,042,583)
<b>Other financing sources (uses)</b>						
Proceeds from capital lease	1,534,720	-	-	-	-	1,534,720
Transfer (to) from other funds	(667,756)	-	267,756	-	400,000	-
Proceeds from sale of fixed assets	364,014	-	-	-	-	364,014
	1,230,978	-	267,756	-	400,000	1,898,734
<b>Net change in fund balances</b>	<b>637,342</b>	<b>(94,585)</b>	<b>(1,857)</b>	<b>(177,507)</b>	<b>492,758</b>	<b>856,151</b>
Fund balances at July 1, 2020 - as restated	2,504,072	801,041	357,200	177,563	67,193	3,907,069
Fund balances at June 30, 2021	\$ 3,141,414	\$ 706,456	\$ 355,343	\$ 56	\$ 559,951	\$ 4,763,220

The accompanying notes are an integral part of this statement.

School District of West Salem  
**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** \$ 856,151

Amounts reported for governmental fund statements and the statement of activities are different because:

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

Capital outlay reported as expenditures in governmental fund statements	\$ 2,468,168	
Depreciation expense reported in the statement of activities	(1,845,332)	
Proceeds from sale of fixed assets	(364,014)	
Gain on disposal of fixed assets	<u>136,707</u>	395,529

Donations are reported in the governmental fund statements when they are current financial resources. For governmental activities, those donations are shown in the statement of net of activities when the donation is pledged:

Collections of note receivable		(50,000)
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Vested employee benefits are reported in the governmental fund statements when amounts are paid. The statement of activities reports the value of benefits earned during the year:

Special termination benefits paid in current year	8,189	
Special termination benefits earned in current year	<u>(18,053)</u>	(9,864)

Proceeds from current year debt issues are reported as revenue in the governmental funds, but are reported as long-term debt in the statement of net position and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is:		(1,534,720)
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Premiums on current year debt issues are reported as revenue in the governmental funds, but are amortized over the life of the bond on the statement of activities and the remaining premium is recorded as a liability on the statement of net position.

Current year amortization of bond premium	<u>22,392</u>	22,392
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School District of West Salem  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES - CONTINUED**  
Year ended June 30, 2021

Repayments of principal on long-term debt are reported in the governmental fund statements as expenditures, but are reported as a reduction in long-term debt in the statement of net position. There is no affect on the statement of activities.

The amount of long-term debt principal payments in the current year is:	\$ 1,959,015
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Pension and other post-employment benefit (OPEB) expense reported in the governmental funds represents current year required contributions into the defined benefit pension and OPEB plans. Pension and OPEB expense in the Statement of Activities is actuarially determined by the defined benefit pension and OPEB plans as the difference between the pension liability (asset) and OPEB liability from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan	\$ 866,844	
Actuarially determined change in net pension liability (asset) between years, with adjustments	490,416	
Actuarially determined change in net OPEB liability between years, with adjustments	169,408	
Actuarially determined change in net supplemental pension liability (asset) between years, with adjustments	(453,584)	1,073,084

In governmental fund statements, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues:

The amount of interest paid during the current year	720,408	
The amount of interest accrued during the current year	(714,795)	5,613

<b>Change in net position - governmental activities</b>		<b>\$ <u>2,717,200</u></b>
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The accompanying notes are an integral part of this statement.



School District of West Salem  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2021

	Scholarship Funds	Employee Benefit Trust	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 1,008,744	\$ 1,008,744
Beneficial interest in perpetual trust	299,051	-	299,051
Total assets	\$ 299,051	\$ 1,008,744	\$ 1,307,795
<b>Liabilities</b>			
Due to other funds	\$ -	\$ 10,311	\$ 10,311
	-	10,311	10,311
<b>Net position</b>			
Restricted for scholarships	299,051	-	299,051
Restricted for employee post-employment benefits	-	998,433	998,433
Total net position	299,051	998,433	1,297,484
Total liabilities and net position	\$ 299,051	\$ 1,008,744	\$ 1,307,795

School District of West Salem  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
Year ended June 30, 2021

<b>Additions</b>			
Change in interest in perpetual trust	\$ 43,766	\$ -	\$ 43,766
Interest income	-	22,839	22,839
	43,766	22,839	66,605
<b>Deductions</b>			
Scholarships awarded	8,369	-	8,369
Employee benefits	-	493,048	493,048
	8,369	493,048	501,417
<b>Net change in position</b>	35,397	(470,209)	(434,812)
Net position at beginning of year - as restated	263,654	1,468,642	1,732,296
Net position at end of year	\$ 299,051	\$ 998,433	\$ 1,297,484

The accompanying notes are an integral part of these statements.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS**  
Year ended June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Introduction**

The School District of West Salem (the "District") is organized as a common school district. The District, governed by a seven-member elected school board, operates grades kindergarten through 12 and is comprised of all or parts of eleven taxing districts.

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

**B. Component Units**

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements. It was determined that the District has no component units, and it is not included in any other governmental reporting entity.

**C. Basis of Presentation**

**District-wide Statements** - The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties and users of the goods and services. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs; and

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Basis of Presentation - Continued**

**District-wide Statements - Continued**

(b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements** - The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary -- are presented, if applicable. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The District has no proprietary funds.

The District reports the following major governmental funds:

**General fund** - This is the District's primary operating fund. It accounts for all financial activity not required to be accounted for in another fund.

**Special revenue fund** - This fund is used to account for the proceeds of non-trust revenues of which the expenditures are limited to specified purposes related to district operations. The most common source of such funds is gifts and donations. Student activity funds and scholarships are also recorded in this fund.

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

**Capital projects fund** - This fund accounts for resources from long-term borrowing, segregated tax levy and other designated revenues used for the acquisition, construction and maintenance of capital facilities and other capital assets.

**Fiduciary funds (not included in the District-Wide Statements)**

The District operates the following fiduciary funds:

**Employee Benefit Trust Fund** - This is a separate accounting fund for reporting resources set aside and held in a trust arrangement for post-employment benefits. The District established this fund in the 2006-2007 school year.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**D. Measurement Focus and Basis of Accounting**

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**E. Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of the financial statements. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts.

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

All investments are stated at fair market value. Determination of fair value for investment in the state treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board.

**F. Receivables and Payables**

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of February, the collecting municipalities pay proportionate shares of tax collections received through the last day of the preceding month to the District. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Any amounts reported on the statement of net position for due to and due from other funds represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**G. Other Assets**

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as expenditures would result in more than one year's cost being recorded. Prepaid supplies are valued at cost.

**H. Capital Assets**

Capital assets with a minimum cost of \$5,000 are reported at actual cost where possible; otherwise estimated cost was used based on District estimates of original cost. Donated assets are reported at estimated fair market value on the date received.

Depreciable assets are depreciated over their useful lives by the straight-line method. Estimated useful lives are as follows:

Land improvements	20 years
Buildings and improvements	50 years
Furniture and equipment	5-20 years
Licensed vehicles	8 years

**I. Retirement Plans**

District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenditures when corresponding salaries or wages are accrued.

**J. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has one item related to its pension plan and one for its OPEB liability that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents a consumption of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has one item related to its pension plan and one for its other post-employment benefits that qualify for reporting in this category.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

The District's policy allows employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Vacation pay is granted on July 1 of the ensuing year and is not cumulative.

The District's policy allows twelve-month employees to earn and accumulate 12 days of sick leave and school-year employees to earn and accumulate 10 days of sick leave for each year of service up to 120 days. At retirement, all accumulated sick leave days from the date of hire shall be paid at 25%-50% of the current substitute per day pay rate based on the number of years of service with the District.

As provided in the employee handbooks, qualified employees meeting minimum age and length of service requirements may be eligible for certain pension and other post-employment benefits directly from the District. See Footnote 9 for further post-employment benefits explanation.

**L. Unearned Revenue**

The District maintains prepaid family lunch accounts for student lunches and the District records these balances as unearned revenue.

**M. Net Position Classification**

The District classifies its net position as follows:

- a. Net investment in capital assets represents the net depreciated value of capital assets less any remaining debt owed that was incurred to finance the acquisition of such assets.
- b. Restricted net position indicates that portion of net position that has been legally segregated for specific purposes.
- c. Unrestricted net position indicates that portion of net position for which the District has no legal financial obligation.

It is the District's policy to use restricted resources first, followed by unrestricted resources as needed when both become available.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**N. Fund Balance Classification**

The District classifies its fund balance as follows:

- a. Unrestricted, unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. The District has adopted a minimum fund balance policy which states, "It is the goal of the District to maintain an end of the year General Fund (Fund 10) balance, amounting to between 12% and 17% of the next year's budgeted expenditures".
- b. Unrestricted, assigned fund balances include amounts that can be spent only for specific purposes stipulated by representatives designated by the board.
- c. Unrestricted, committed fund balances include amounts that can be spent only for specific purposes approved by the board.
- d. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use).

Fund balance classifications for restricted and all categories of unrestricted amounts are considered to have been spent when an expenditure is incurred.

When the District incurs an expenditure for purposes which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

**O. Estimates**

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

**P. Subsequent Events**

The District has evaluated subsequent events through November 22, 2021, the date on which the financial statements were available to be issued.



School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expense adjustments report the differences between the two accounting methods used in recognizing vested employee benefits.
- b. Capital asset related differences between recording expenditures for the purchase of capital items in the governmental fund statements versus increasing non-current assets on the statement of net position and recording depreciation expense on all capital items in the statement of activities.
- c. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease, as applicable, in the statement of net position, and interest expense is recorded in the statement of activities as incurred.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments, net of bank overdraft as of June 30, 2021, are classified in the accompanying financial statements as follows:

Statements of net position	
Governmental activities	\$ 1,856,033
Fiduciary funds	<u>1,008,744</u>
	<u>\$ 2,864,777</u>

Cash and investments as of June 30, 2021 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 1,328,137	\$ 1,524,835
Passbook savings	<u>8,729</u>	<u>8,729</u>
	1,336,866	<u>\$ 1,533,564</u>
Petty cash	539	
Registered group variable annuity contract - AUL fixed interest account	1,005,681	
Equity mutual funds	152,446	
Fixed income mutual funds	105,617	
Reich & Tang IDEA	5,137	
Local government investment pool	<u>258,491</u>	
Total	<u>\$ 2,864,777</u>	

**Investment Pool Information**

Participation in the State of Wisconsin Local Government Investment Pool (LGIP) is voluntary. The LGIP does not have a credit quality rating. The Pool is not registered with the Securities and Exchange Commission, but operated under the statutory authority of the State of Wisconsin. It is a part of the State of Wisconsin Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board (SWIB). Funds invested in the LGIP are due to the District on demand. The fair value of the District's position in the pool is the same as the value of the pool shares. At June 30, 2021, the pool's fair value was 100 percent of book value.

SWIB may invest in obligations of the U.S. Treasury and its agencies, commercial paper, bank time deposits/certificates of deposit, bankers' acceptances, and asset backed securities and repurchase agreements secured by the U.S. Government or its agencies and other instruments authorized under the SIF investment guidelines.

**Investments Authorized by the District's Investment Policy**

The District is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). The District's investment policy is to invest in authorized funds that maximize the returns on the District's cash balances consistent with the safety of those monies and with the desired liquidity of the investments.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's policy is to invest in funds that are available to the District at any time. The District has no certificates of deposit.

The District has investments with Trust Point with various maturities. The maturities are as follows:

Investment Type	Fair Value	Weighted Average Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Equity mutual funds	\$ 152,446	\$ 152,446	\$ -	\$ -	\$ -
Fixed income mutual funds	105,617	-	59,165	46,452	-
Reich & Tang IDEA	5,137	5,137	-	-	-
	<u>\$ 263,200</u>	<u>\$ 157,583</u>	<u>\$ 59,165</u>	<u>\$ 46,452</u>	<u>\$ -</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District holds a registered group variable annuity contract from American United Life Insurance Company (AUL). This account is not FDIC insured. Principal and interest rate guarantees are subject to the claims paying ability of the insurance company. AUL's financial strength rating by A.M. Best is A+ (superior) based on ratings as of June 30, 2021.

The District also holds equity and fixed income mutual funds through Trust Point. The fixed income mutual funds invest in bonds with various credit ratings. The underlying bonds in these funds are rated as follows by Morningstar:

Credit Rating	%
AAA	51.9%
AA	6.5%
A	6.8%
BBB	13.8%
BB	5.7%
B	8.1%
<B	3.2%
Not rated	4.0%
	<u>100.0%</u>

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

**Concentration of Credit Risk**

Concentration of credit risk is defined as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The District's investment policy does not specifically address guidelines regarding concentration of credit risk.

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The District does not have an investment policy that would limit the exposure to custodial credit risk for deposits. The District has securities pledged in its name to cover deposits exceeding federal depository insurance limits. The Wisconsin State Deposit Guarantee Fund provides coverage for uninsured and uncollateralized cash and investments for up to an additional \$400,000, but collection is not certain due to the limited size of the fund.

At June 30, 2021, the District had \$533,087 in deposits with financial institutions in excess of federal depository insurance (FDIC) limits that were collateralized and was relying on the Wisconsin State Guarantee Fund of \$400,000. At June 30, 2021, the District had \$350,477 of uninsured and uncollateralized deposits. The uninsured amounts varied during the fiscal year.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

	Cost at <u>June 30, 2021</u>	Fair Value at <u>June 30, 2021</u>
Registered group variable annuity contract - AUL fixed interest account	\$ 981,152	\$ 1,005,681
Reich & Tang IDEA	5,137	5,137
Equity mutual funds	110,200	152,446
Fixed income mutual funds	103,333	105,617
Local Government Investment Pool	258,491	258,491
	<u>\$ 1,458,313</u>	<u>\$ 1,527,372</u>

**Fair Value Measurements**

The District uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Assets measured at fair value as of June 30, 2021 are:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Registered group variable annuity contract - AUL fixed interest account	\$ -	\$ 1,005,681	\$ -	\$ 1,005,681
Equity mutual funds	152,446	-	-	152,446
Fixed income mutual funds	105,617	-	-	105,617
Reich & Tang IDEA	5,137	-	-	5,137
Local Government Investment Pool	-	258,491	-	258,491
	<u>\$ 263,200</u>	<u>\$ 1,264,172</u>	<u>\$ -</u>	<u>\$ 1,527,372</u>

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs—other than quoted prices included within level 1—that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 Year ended June 30, 2021

**NOTE 4 - INTERFUND BALANCES AND TRANSFERS**

Interfund payables and receivables, all expected to be paid within a year and resulting from general operations of the District, for the year ended June 30, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Employee Benefit Trust	\$ 10,257
Debt Service Fund	Capital Projects Fund	3,961
Capital Improvement Trust Fund	General Fund	400,000
Food Service Fund	Employee Benefit Trust	54

The District transferred \$267,756 from its general fund to its debt service fund to pay long-term debt principal and interest payments. The District also transferred \$400,000 from its general fund to its capital improvement trust fund for future capital projects.

**NOTE 5 - SHORT-TERM NOTES PAYABLE**

The District has no short-term notes payable at June 30, 2021. During the year, the District took out three short-term notes. The District borrowed \$8,000,000 and repaid \$8,000,000 during the year ended June 30, 2021. Interest expense for the fiscal year on short-term borrowing was \$29,485, including paying fiscal agent fees of \$0.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 6 - CAPITAL ASSETS**

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

	Balances at July 1, 2020	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2021
<b>Governmental Activities</b>				
Assets not being depreciated:				
Land	\$ 2,170,597	\$ -	\$ -	\$ 2,170,597
Construction in process	174,390	-	174,390	-
	2,344,987	-	174,390	2,170,597
Land improvements	2,599,612			2,599,612
Buildings and building improvements	62,255,476	544,569	-	62,800,045
Furniture and equipment	7,669,068	2,097,989	1,159,842	8,607,215
Totals	74,869,143	2,642,558	1,334,232	76,177,469
Less accumulated depreciation				
Land improvements	1,412,646	91,823	-	1,504,469
Buildings and building improvements	16,207,104	1,208,077	-	17,415,181
Furniture and equipment	6,153,671	545,432	932,535	5,766,568
Totals	23,773,421	1,845,332	932,535	24,686,218
Governmental activities capital assets, net of accumulated depreciation	\$ 51,095,722	\$ 797,226	\$ 401,697	\$ 51,491,251

Depreciation expense was allocated to governmental activities based on functional expense totals as they relate to total functional expenses in the following categories:

Regular instruction	\$ 389,701
Business administration services	186,502
Food service	9,994
Unallocated	1,259,135
	\$ 1,845,332

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 7 - LONG-TERM OBLIGATIONS**

Long-term obligation balances and related activity for the year ended June 30, 2021 are as follows:

	Balances at July 1, 2020	Additions and Adjustments	Reductions and Adjustments	Balances at June 30, 2021
<b>Governmental Activities</b>				
General obligation bonds and notes payable	\$ 26,030,000	\$ -	\$ 1,311,528	\$ 24,718,472
Capital lease payable	612,791	1,534,720	647,487	1,500,024
Supplemental pension benefits liability (asset)	(453,584)	453,584	-	-
Vacation and sick payable	112,315	18,053	8,189	122,179
Net pension liability (asset) - WRS	(2,311,006)	-	2,289,413	(4,600,419)
Post retirement health care & other benefits liability	1,408,338	413,608	479,741	1,342,205
Premium on bonded debt refinancing	247,606	-	22,392	225,214
Total governmental activity long-term obligations	<u>\$ 25,646,460</u>	<u>\$ 2,419,965</u>	<u>\$ 4,758,750</u>	<u>\$ 23,307,675</u>

The current portion (due within one year) of long-term obligations at June 30, 2021 consists of:

General obligation bonds	\$ 1,063,472
Capital leases payable	<u>294,848</u>
Total current portion of long-term obligations	<u>\$ 1,358,320</u>

Payments on bonds and notes are made from the Debt Service Fund. Payments on capital leases will be made from the General Fund. The benefit payments will be made by the General Fund and Food Service Fund.

Total interest accrued and paid, including fiscal agent fees of \$1,900 for the year ended June 30, 2021 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 29,485	\$ 29,485
Long-term obligations	<u>714,795</u>	<u>720,408</u>
Totals	<u>\$ 744,280</u>	<u>\$ 749,893</u>



School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED**

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance at June 30, 2021	Current Maturities
Refunding bonds	7/5/2016	1.25-2.00%	4/1/2022	\$ 785,000	\$ 785,000
School Improvement Bonds	12/21/2016	3.000-3.125%	4/1/2036	9,700,000	-
Corporate Purpose Bonds	4/6/2017	2.00-3.00%	4/1/2037	9,435,000	-
Promissory note	1/1/2018	2.05%-5.00%	4/1/2027	4,600,000	80,000
Promissory note	9/10/2018	3.40%	3/1/2022	198,472	198,472
Total general obligation debt				<u>\$ 24,718,472</u>	<u>\$ 1,063,472</u>

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,001,815,134. The legal debt limit and margin of indebtedness as of June 30, 2021 in accordance with Wisconsin state statutes is as follows:

Debt limit (10% of \$1,001,815,134)	\$ 100,181,513
Deduct long-term debt applicable to debt margin	<u>24,718,472</u>
Margin of indebtedness	<u>\$ 75,463,041</u>

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

Year ended June 30	Principal	Interest	Total
2022	\$ 1,063,472	\$ 684,442	\$ 1,747,914
2023	1,235,000	666,467	1,901,467
2024	1,270,000	627,873	1,897,873
2025	1,295,000	601,839	1,896,839
2026	1,325,000	573,997	1,898,997
2027-2031	7,540,000	2,337,889	9,877,889
2032-2036	9,015,000	1,152,265	10,167,265
2037	1,975,000	59,250	2,034,250
Totals	<u>\$ 24,718,472</u>	<u>\$ 6,704,022</u>	<u>\$ 31,422,494</u>

School District of West Salem  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
Year ended June 30, 2021

**NOTE 8 - EMPLOYEE RETIREMENT PLAN**

***Summary of Significant Accounting Policies***

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

***General Information about the Pension Plan***

***Plan description.*** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

***Benefits provided.*** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 Year ended June 30, 2021

**NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED**

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

The WRS also provides death and disability benefits for employees.

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

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

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. 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 \$832,459 in contributions from the employer.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 Year ended June 30, 2021

**NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED**

Contribution rates as of June 30, 2021 are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers)	6.75%	6.75%
Executives & Elected Officials	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

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

At June 30, 2021, the District reported a liability (asset) of (\$4,600,419) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.07368761%, which was an increase of 0.00201642% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$486,173).

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

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,658,221	\$ 1,434,169
Changes in assumptions	104,346	-
Net differences between projected and actual earnings on pension plan investments	-	8,636,913
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,756	121
Employer contributions subsequent to the measurement date	491,903	-
<b>Total</b>	<b>\$ 7,284,226</b>	<b>\$ 10,071,203</b>

\$491,903 reported as deferred outflows related to pensions 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:

Year ended June 30:	Net Deferred Outflow (Inflows) of Resources
2022	\$ ( 836,300)
2023	\$ ( 220,929)
2024	\$ (1,559,279)
2025	\$ ( 662,372)
2026	\$ -

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED**

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

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

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

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

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

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED**

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

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

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

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

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED**

*Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 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:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase To Discount Rate (8.00%)</b>
District's proportionate share of the net pension liability (asset)	\$4,378,962	\$(4,600,419)	\$(11,195,708)

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

**Payables to the pension plan.** The District's payable to WRS as of June 30, 2021 was \$183,459 for its June 2021 required contributions.

**NOTE 9 - SUPPLEMENTAL PENSION PLAN**

The School District of West Salem provided a single-employer defined benefit supplemental pension benefit administered by the District to eligible administrators and teachers. There are no longer any eligible employees or retirees for the plan. The District transferred its entire cash balance of \$453,584 from its plan fiduciary net position to its post-retirement single-employer defined benefit healthcare plan.



School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description.** The District administers a single-employer defined benefit healthcare plan. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plan. The plan covers both active and retired participants. As of the actuarial valuation date of June 30, 2019, there were 311 active participants, 3 retirees receiving benefits and 0 retirees eligible, but not receiving benefits in the plan. Because claim costs are generally higher for retiree groups than for active employees, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of the reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

A description of the single-employer benefit plan is as follows:

Retirees who retired before July 1, 2012: The OPEB benefit that was available to full-time teachers and administrators is no longer offered by the District, which included medical coverage subsidized by the District

Retirees who retire after July 1, 2012: The District will pay a benefit at retirement equal to \$2,000 per year for teachers (\$7,000 per year for Administrators) for a maximum of 30 years of service (15 years for Administrators). The teachers and administrators must be enrolled as a retiree with the WRS to be eligible for the OPEB benefit. Supervisors and other District staff with at least ten years of service with the District and enrollment with the WRS as a retiree will receive \$1,000 to \$6,000 for each year of service up to 15 to 30 years of service, depending on their position. See the District records for specific amounts per year of service and maximum years of service for each position. The benefit will be deposited at retirement into a Health Reimbursement Account (HRA) to be used only for eligible health insurance premiums through the District (for a maximum duration of COBRA) or another provider. There is a survivor benefit.

**Funding Policy.** The District has established a trust fund to finance the cost of its OPEB. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required by the Governmental Accounting Standards Board (GASB) in the District-wide statements. There is no obligation on the part of the District to fund these benefits in advance.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 Year ended June 30, 2021

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

**Net Other Post-Employment Benefit Liability.** The net other post-employment benefit liability (NOL) was measured as of June 30, 2020 and the total other post-employment benefit liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions.** The District engaged an actuary to perform a valuation as of June 30, 2019, rolled forward to June 30, 2020 using the entry age normal, level percent of salary actuarial cost method. The asset valuation method used was the market value and the amortization period used was 30-year, open level dollar.

The total other post-employment benefit liability in the June 30, 2019 actuarial valuation, rolled forward to June 20, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	2.25%
General inflation	2.50%
Annual premium increase rate	7.50%
Decreasing .5% per year 6.50%, then by .10% per year down to 5.0%, and level thereafter	
Out of pocket rate increases, depending on age	3.25%-4.00%

Actuarial assumptions are based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017.

Retirement rates were calculated based on age and years of service. Current and future retirees eligible for the lump sum HRA contribution in retirement are assumed to remain enrolled in the plans in which they are currently enrolled. 20% of active employees not eligible for the District-paid contributions and currently electing coverage were assumed to elect Single coverage on the District's plan for the duration of COBRA by self-paying their medical premiums in retirement. There was an assumption of no impact of dependent children on the implicit subsidy.

The discount rate used to measure the total other post-employment benefit liabilities was 2.25%, based on the expected long-term yield on Trust assets and the 20-year AA municipal bond rate as of the measurement date.

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

**Change in the Net Other Post-Employment Benefit Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at the beginning of the year	\$ 2,408,316	\$ 999,978	\$ 1,408,338
Changes for the year:			
Service cost	175,111	-	175,111
Interest	87,162	-	87,162
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	151,335	-	151,335
Contributions - employer	-	-	-
Net investment income	-	26,157	(26,157)
Benefit payments	(11,077)	(11,077)	-
Transfer*	-	453,584	(453,584)
Net changes	<u>402,531</u>	<u>468,664</u>	<u>(66,133)</u>
Balance at the end of the year	<u>\$ 2,810,847</u>	<u>\$ 1,468,642</u>	<u>\$ 1,342,205</u>

**Sensitivity of Net Other Post-Employment Benefit Liability to changes in the discount and healthcare cost trend rates.** The following represents the net other post-employment benefit liability (NOL) of the District, calculated using the discount rate of 2.25 percent, as well as what the District's NOL would be if it was 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:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB liability	\$ 2,932,263	\$ 2,810,847	\$ 2,689,648
Fiduciary net position	<u>1,468,642</u>	<u>1,468,642</u>	<u>1,468,642</u>
Net OPEB liability	<u>\$ 1,463,621</u>	<u>\$ 1,342,205</u>	<u>\$ 1,221,006</u>

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5.0 percent, as well as what the District's NOL would be if it was calculated using a trend rate that is 1-percentage-point lower (6.5 percent graded down to 4.0 percent) or 1-percentage-point higher (8.5 percent graded down to 6.0 percent) than the current rate:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.50% decreasing to 5.0%)	1% Increase (8.50% decreasing to 6.0%)
Total OPEB liability	\$ 2,782,629	\$ 2,810,847	\$ 2,843,691
Fiduciary net position	1,468,642	1,468,642	1,468,642
Net OPEB liability	<u>\$ 1,313,987</u>	<u>\$ 1,342,205</u>	<u>\$ 1,375,049</u>

**Other Post-Employment Benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits.** For the year ended June 30, 2021, the District recognized OPEB expense of (\$169,408). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and experience	\$ 298,879	\$ -
Changes in assumptions or other input	182,316	58,249
Net difference between projected and actual earnings on pension plan investments	32,836	-
District contributions subsequent to the measurement date	-	-
	<u>\$ 514,031</u>	<u>\$ 58,249</u>

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

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

Year ended June 30, 2022	\$	56,709
2023		53,510
2024		48,833
2025		44,376
2026		42,648
Thereafter		209,706
	\$	<u>455,782</u>

**NOTE 11 - CAPITAL LEASES, AS LESSEE**

The following is an analysis of leased property under capital leases by major category at June 30, 2021.

Apple computers	\$	1,333,788
Laptop computers		98,032
Copiers		151,794

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2021:

Year ended June 30, 2022	\$	401,701
2023		401,701
2024		369,975
2025		<u>333,447</u>
Total minimum lease payments		1,506,824
Less amount representing interest		<u>6,800</u>
Present value of net minimum lease payments	\$	<u>1,500,024</u>

**NOTE 12 - FUND BALANCES AND NET POSITION**

Fund Balance

At June 30, 2021, the District has a restricted fund balance of \$1,626,473 for the following:

General fund - unspent common school funds	\$	5,798
Special projects - restricted		
Donations, scholarships		706,456
Debt service funds		355,343
Capital projects		56
Food service		48,921
Community service		99,743
Capital improvements		<u>410,156</u>
	\$	<u>1,626,473</u>

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 12 - FUND BALANCES AND NET POSITION - CONTINUED**

Net position

At June 30, 2021, the Governmental Activities net position balance after subtracting net investment in capital assets and the restricted amounts is \$1,730,285. Restricted net position for debt service is \$355,343 and restricted net position for other activities of \$3,085,647 consists of \$1,813,442 for its WRS pension, \$5,798 for unspent common school funds, \$50,052 for food service, \$99,743 for community service, \$706,456 for restricted donations and scholarships and \$410,156 for future capital improvements.

**NOTE 13 - PERPETUAL TRUSTS**

The District is a beneficiary of two perpetual trusts at June 30, 2021. These are administered by a third-party trustee and recorded in the District's fiduciary funds.

Balance at beginning of year	\$	263,654
Scholarships awarded		(8,369)
Net increase in value		43,766
Balance at end of year	\$	299,051

**NOTE 14 - RESTATEMENT OF FUND BALANCE AND NET POSITION AS OF JULY 1, 2020**

On July 1, 2020, the District reclassified its scholarship funds in the amount of \$317,888 from a fiduciary fund (Fund 72) to a district activity in the District's Special Revenue Trust Fund (Fund 21) to implement GASB Statement No. 84 in the fiscal year ending June 30, 2021.

The District's government-wide net position restatement is as follows:

		<u>Governmental Activities</u>
Balance at beginning of year	\$	27,408,998
Scholarship funds in Special Revenue Trust Fund		317,888
		317,888
Balance at beginning of year - as restated	\$	27,726,886

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 Year ended June 30, 2021

**NOTE 14 - RESTATEMENT OF FUND BALANCE AND NET POSITION AS OF JULY 1, 2020 -  
 CONTINUED**

The District's governmental fund balance restatement is as follows:

	Special Revenue Trust Fund
Balance at beginning of year	\$ 483,153
Scholarship funds in Special Revenue Trust Fund	<u>317,888</u> <u>317,888</u>
Balance at beginning of year - as restated	\$ <u><u>801,041</u></u>

The District's fiduciary net position restatement is as follows:

	Scholarship Fund
Balance at beginning of year	\$ 581,542
Scholarship funds in Special Revenue Trust Fund	<u>(317,888)</u> <u>(317,888)</u>
Balance at beginning of year - as restated	\$ <u><u>263,654</u></u>

School District of West Salem  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2021

**NOTE 15 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District insures through commercial insurance companies for all risks of loss, except for health and dental care. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 16 - LIMITATION ON SCHOOL DISTRICT REVENUES**

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

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



REQUIRED SUPPLEMENTARY INFORMATION

School District of West Salem  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**POST-EMPLOYMENT BENEFIT PLANS**  
Year ended June 30, 2021

Fiscal Year Ended	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
6/30/2017	\$ 290,599	\$ 380,251	\$ (89,652)	\$ 7,458,630	5.10%
6/30/2018	290,599	365,046	(74,447)	8,506,683	4.29%
6/30/2019	219,840	206,611	13,229	8,506,683	2.43%
6/30/2020	219,840	35,352	184,488	10,416,395	0.34%
6/30/2021	257,813	-	257,813	10,416,395	0.00%

Key Methods and Assumption Used to Calculate ADC:

	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Discount Rate	Inflation
6/30/2017	Entry Age Normal	Market Value	10 year level \$	4.00%	3.00%
6/30/2018	Entry Age Normal	Market Value	10 year level \$	4.00%	3.00%
6/30/2019	Entry Age Normal	Market Value	30 year level \$	3.50%	2.50%
6/30/2020	Entry Age Normal	Market Value	30 year level \$	3.50%	2.50%
6/30/2021	Entry Age Normal	Market Value	30 year level \$	3.50%	2.50%

\* Amounts presented for the fiscal year were determined as of the measurement date.

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the schedule will present those years for which information is available.

School District of West Salem  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGE IN THE DISTRICT'S NET**  
**OPEB LIABILITY AND RELATED RATIOS**  
Year ended June 30, 2021

	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 190,745	\$ 190,745	\$ 158,272	\$ 152,988	\$ 175,111
Interest	65,345	60,580	76,029	80,012	87,162
Changes in benefit terms	-	-	-	23,136	-
Differences between expected and actual experience	-	263,632	-	139,635	-
Changes of assumptions or other input	-	(53,480)	(27,594)	52,310	151,335
Benefit payments	(536,683)	(293,194)	(291,429)	(193,874)	(11,077)
Net change in total OPEB liability	(280,593)	168,283	(84,722)	254,207	402,531
Total OPEB liability - beginning of the year	2,351,141	2,070,548	2,238,831	2,154,109	2,408,316
Total OPEB liability - end of the year (a)	<u>\$ 2,070,548</u>	<u>\$ 2,238,831</u>	<u>\$ 2,154,109</u>	<u>\$ 2,408,316</u>	<u>\$ 2,810,847</u>
Fiduciary net position					
Contributions	\$ 380,251	\$ 365,046	\$ 206,611	\$ 35,352	\$ -
Net investment income	23,074	24,301	17,423	17,539	26,157
Benefit payments	(536,683)	(293,194)	(291,429)	(193,874)	(11,077)
Administrative expense	-	-	-	-	-
Transfer ***	-	-	-	-	453,584
Net change in fiduciary net position	(133,358)	96,153	(67,395)	(140,983)	468,664
Fiduciary net position - beginning of the year	1,245,561	1,112,203	1,208,356	1,140,961	999,978
Fiduciary net position - end of the year (b)	<u>\$ 1,112,203</u>	<u>\$ 1,208,356</u>	<u>\$ 1,140,961</u>	<u>\$ 999,978</u>	<u>\$ 1,468,642</u>
Net OPEB liability end of the year (a) - (b)	<u>\$ 958,345</u>	<u>\$ 1,030,475</u>	<u>\$ 1,013,148</u>	<u>\$ 1,408,338</u>	<u>\$ 1,342,205</u>
Fiduciary net position as a percentage of the total OPEB liability	53.72%	53.97%	52.97%	41.52%	52.25%
Covered employee payroll	\$ 7,458,630	\$ 8,506,683	\$ 8,506,683	\$ 10,416,395	\$ 10,416,395
Net OPEB liability as a percentage of covered payroll	12.85%	12.11%	11.91%	13.52%	12.89%
Annual weighted money-weighted rate of return net of investment expenses	1.79%	1.68%	1.44%	1.56%	1.80%

\* Amounts presented for the fiscal year were determined as of the measurement date.

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the schedule will present those years for which information is available.

\*\*\* Transfer of funds that were previously allocated for the District's supplemental pension plan

**Notes:**

*Benefit changes.* Effective July 1, 2019, retirees are allowed to stay on the District's medical plan only for the duration of COBRA.

*Changes of assumptions.* There have been no changes in assumptions.

School District of West Salem  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY (ASSET)**  
**WISCONSIN RETIREMENT SYSTEM**  
Year ended June 30, 2021

	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability (asset)	0.07082090%	0.07060417%	0.07020781%	0.06848447%	0.06951287%	0.07167119%	0.07368761%
District's share of the net pension liability (asset)	\$ (1,739,555)	\$ 1,147,304	\$ 578,680	\$ (2,033,385)	\$ 2,473,050	\$ (2,311,006)	\$ (4,600,419)
District's covered payroll	\$ 10,187,973	\$ 9,811,546	\$ 9,926,691	\$ 10,056,178	\$ 10,996,566	\$ 11,831,850	\$ 12,312,997
District's collective net pension liability as a percentage of the employer's covered employee payroll	-17.07%	11.69%	5.83%	-20.22%	22.49%	-19.53%	-37.36%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%	105.26%

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

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the schedule will present those years for which information is available.

School District of West Salem  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**WISCONSIN RETIREMENT SYSTEM**  
Year ended June 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Contractually required contributions	\$ 713,192	\$ 667,183	\$ 655,583	\$ 683,822	\$ 741,781	\$ 788,001	\$ 832,459
Contributions in relation to the contractually required contributions	\$ 713,192	\$ 667,183	\$ 655,583	\$ 683,822	\$ 741,781	\$ 788,001	\$ 832,459
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,187,973	\$ 9,811,546	\$ 9,926,691	\$ 10,056,178	\$ 10,996,566	\$ 11,831,850	\$ 12,312,997
Contributions as a percentage of covered payroll	7.00%	6.80%	6.60%	6.80%	6.75%	6.66%	6.76%

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

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the schedule will present those years for which information is available.

**Notes to the Required Supplementary Information**  
**for the Year ended June 30, 2021**

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

*Changes of assumptions.* There were no significant changes of assumptions.

School District of West Salem  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND - FUNDS 10 AND 27**  
Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 7,741,658	\$ 7,741,658	\$ 7,740,249	\$ (1,409)
Other local sources	273,500	279,565	173,216	(106,349)
Interdistrict sources	2,190,857	2,190,857	2,162,724	(28,133)
Intermediate sources	22,058	22,508	25,004	2,496
State sources	14,139,927	14,145,263	14,114,200	(31,063)
Federal sources	253,162	292,189	934,287	642,098
Other sources	564,944	564,944	47,492	(517,452)
<b>Total revenues</b>	<b>25,186,106</b>	<b>25,236,984</b>	<b>25,197,172</b>	<b>(39,812)</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	8,355,534	8,405,934	9,342,065	(936,131)
Vocational instruction	516,872	500,872	470,307	30,565
Special instruction	2,830,732	2,830,732	2,823,025	7,707
Other instruction	1,280,785	1,295,160	1,158,643	136,517
<b>Total instruction</b>	<b>12,983,923</b>	<b>13,032,698</b>	<b>13,794,040</b>	<b>(761,342)</b>
<b>Support services</b>				
Pupil services	1,065,924	1,065,924	998,459	67,465
Instructional staff services	1,478,437	1,421,924	1,565,107	(143,183)
General administration services	509,164	516,255	469,234	47,021
Building administration services	1,264,981	1,307,481	1,269,851	37,630
Business administration services	4,041,493	4,009,818	3,860,702	149,116
Central services	259,087	252,587	257,045	(4,458)
Insurance	224,508	224,508	226,164	(1,656)
Principal and interest	342,205	697,121	686,605	10,516
Other support services	535,117	582,317	683,610	(101,293)
<b>Total support services</b>	<b>9,720,916</b>	<b>10,077,935</b>	<b>10,016,777</b>	<b>61,158</b>
<b>Non-program services</b>	<b>2,016,264</b>	<b>2,016,264</b>	<b>1,979,991</b>	<b>36,273</b>
<b>Total expenditures</b>	<b>24,721,103</b>	<b>25,126,897</b>	<b>25,790,808</b>	<b>(663,911)</b>
Excess (deficiency) of revenues over expenditures	465,003	110,087	(593,636)	(703,723)
<b>Other financing sources (uses)</b>				
Proceeds from sale of fixed assets	5,000	359,916	364,014	4,098
Proceeds from capital lease	-	-	1,534,720	1,534,720
Transfer from (to) other funds	-	-	(667,756)	(667,756)
	<u>5,000</u>	<u>359,916</u>	<u>1,230,978</u>	<u>871,062</u>
<b>Net change in fund balance</b>	<b>470,003</b>	<b>470,003</b>	<b>637,342</b>	<b>167,339</b>
Fund balance at July 1, 2020	<u>2,504,072</u>	<u>2,504,072</u>	<u>2,504,072</u>	<u>-</u>
Fund balance at June 30, 2021	<u>\$ 2,974,075</u>	<u>\$ 2,974,075</u>	<u>\$ 3,141,414</u>	<u>\$ 167,339</u>

School District of West Salem  
**RECONCILIATION SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - REGULATORY BASIS TO GAAP BASIS**  
**GENERAL FUND AND SPECIAL EDUCATION FUND**  
Year ended June 30, 2021

	General Fund - Fund 10			Special Education Fund - Fund 27			Combined Fund 10 and 27		
	Budgeted Amounts			Budgeted Amounts			Budgeted Amounts		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
<b>Revenues</b>									
Property taxes	\$ 7,741,658	\$ 7,741,658	\$ 7,740,249	\$ -	\$ -	\$ -	\$ 7,741,658	\$ 7,741,658	\$ 7,740,249
Other local sources	273,500	279,565	173,216	-	-	-	273,500	279,565	173,216
Interdistrict sources	2,087,857	2,087,857	2,057,758	103,000	103,000	104,966	2,190,857	2,190,857	2,162,724
Intermediate sources	8,058	8,508	8,288	14,000	14,000	16,716	22,058	22,508	25,004
State sources	13,291,927	13,297,263	13,244,375	848,000	848,000	869,825	14,139,927	14,145,263	14,114,200
Federal sources	213,662	252,689	284,576	39,500	39,500	649,711	253,162	292,189	934,287
Other sources	70,000	70,000	47,492	494,944	494,944	-	564,944	564,944	47,492
<b>Total revenues</b>	<b>23,686,662</b>	<b>23,737,540</b>	<b>23,555,954</b>	<b>1,499,444</b>	<b>1,499,444</b>	<b>1,641,218</b>	<b>25,186,106</b>	<b>25,236,984</b>	<b>25,197,172</b>
<b>Expenditures</b>									
<b>Instruction</b>									
Regular instruction	8,355,534	8,405,934	9,342,065	-	-	-	8,355,534	8,405,934	9,342,065
Vocational instruction	516,872	500,872	470,307	-	-	-	516,872	500,872	470,307
Special instruction	-	-	-	2,830,732	2,830,732	2,823,025	2,830,732	2,830,732	2,823,025
Other instruction	1,280,785	1,295,160	1,158,643	-	-	-	1,280,785	1,295,160	1,158,643
<b>Total instruction</b>	<b>10,153,191</b>	<b>10,201,966</b>	<b>10,971,015</b>	<b>2,830,732</b>	<b>2,830,732</b>	<b>2,823,025</b>	<b>12,983,923</b>	<b>13,032,698</b>	<b>13,794,040</b>
<b>Support services</b>									
Pupil services	616,876	616,876	586,756	449,048	449,048	411,703	1,065,924	1,065,924	998,459
Instructional staff services	1,252,544	1,196,031	1,318,961	225,893	225,893	246,146	1,478,437	1,421,924	1,565,107
General administration services	509,164	516,255	469,234	-	-	-	509,164	516,255	469,234
Building administration services	1,264,981	1,307,481	1,269,851	-	-	-	1,264,981	1,307,481	1,269,851
Business administration services	3,898,308	3,866,633	3,774,776	143,185	143,185	85,926	4,041,493	4,009,818	3,860,702
Central services	259,087	252,587	257,045	-	-	-	259,087	252,587	257,045
Insurance	224,508	224,508	226,164	-	-	-	224,508	224,508	226,164
Principal and interest	342,205	697,121	686,605	-	-	-	342,205	697,121	686,605
Other support services	535,117	582,317	683,610	-	-	-	535,117	582,317	683,610
<b>Total support services</b>	<b>8,902,790</b>	<b>9,259,809</b>	<b>9,273,002</b>	<b>818,126</b>	<b>818,126</b>	<b>743,775</b>	<b>9,720,916</b>	<b>10,077,935</b>	<b>10,016,777</b>
Non-program services	1,871,153	1,871,153	1,824,201	145,111	145,111	155,790	2,016,264	2,016,264	1,979,991
<b>Total expenditures</b>	<b>20,927,134</b>	<b>21,332,928</b>	<b>22,068,218</b>	<b>3,793,969</b>	<b>3,793,969</b>	<b>3,722,590</b>	<b>24,721,103</b>	<b>25,126,897</b>	<b>25,790,808</b>
Excess of revenues over (under) expenditures	2,759,528	2,404,612	1,487,736	(2,294,525)	(2,294,525)	(2,081,372)	465,003	110,087	(593,636)
<b>Other financing sources (uses)</b>									
Proceeds from sale of fixed assets	5,000	359,916	364,014	-	-	-	5,000	359,916	364,014
Proceeds from capital lease	-	-	1,534,720	-	-	-	-	-	1,534,720
Transfer from (to) other funds	(2,294,525)	(2,294,525)	(2,749,128)	2,294,525	2,294,525	2,081,372	-	-	(667,756)
	<u>(2,289,525)</u>	<u>(1,934,609)</u>	<u>(850,394)</u>	<u>2,294,525</u>	<u>2,294,525</u>	<u>2,081,372</u>	<u>5,000</u>	<u>359,916</u>	<u>1,230,978</u>
<b>Net change in fund balance</b>	<b>470,003</b>	<b>470,003</b>	<b>637,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>470,003</b>	<b>470,003</b>	<b>637,342</b>
Fund balance at July 1, 2020	2,504,072	2,504,072	2,504,072	-	-	-	2,504,072	2,504,072	2,504,072
Fund balance at June 30, 2021	<u>\$ 2,974,075</u>	<u>\$ 2,974,075</u>	<u>\$ 3,141,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,974,075</u>	<u>\$ 2,974,075</u>	<u>\$ 3,141,414</u>

School District of West Salem  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL REVENUE TRUST FUND - FUND 21**  
Year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues</b>				
Other local sources	\$ 15,000	\$ 15,000	\$ 357,078	\$ 342,078
Other sources	-	-	13,300	13,300
Total revenues	15,000	15,000	370,378	355,378
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	111	111	1,541	(1,430)
Vocational instruction	593	593	564	29
Special instruction	1,538	1,538	155	1,383
Other instruction	328,008	328,008	434,679	(106,671)
Total instruction	330,250	330,250	436,939	(106,689)
<b>Support services</b>				
Pupil services	6,597	6,597	3,432	3,165
Building administration services	66	66	4,150	(4,084)
Central services	113	113	-	113
Other support services	5,240	5,240	20,442	(15,202)
Total support services	12,016	12,016	28,024	(16,008)
<b>Non-program services</b>	15,000	15,000	-	15,000
Total expenditures	357,266	357,266	464,963	(107,697)
<b>Net change in fund balance</b>	(342,266)	(342,266)	(94,585)	247,681
Fund balance at July 1, 2020 - as restated	801,041	801,041	801,041	-
Fund balance at at June 30, 2021	\$ 458,775	\$ 458,775	\$ 706,456	\$ 247,681

School District of West Salem  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**REFERENDUM DEBT - FUND 39**  
Year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues</b>				
Property taxes	\$ 1,682,048	\$ 1,682,048	\$ 1,682,048	\$ -
Other local sources	-	-	45	45
Total revenues	1,682,048	1,682,048	1,682,093	45
<b>Expenditures</b>				
Support services				
Principal and interest	1,682,048	1,682,048	1,683,950	(1,902)
Total expenditures	1,682,048	1,682,048	1,683,950	(1,902)
<b>Net change in fund balance</b>	-	-	(1,857)	(1,857)
Fund balance at July 1, 2020	357,200	357,200	357,200	-
Fund balance at June 30, 2021	\$ 357,200	\$ 357,200	\$ 355,343	\$ (1,857)



School District of West Salem  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**NON-REFERENDUM DEBT - FUND 38**  
Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 70,597	\$ 70,597	\$ 70,597	\$ -
Total revenues	70,597	70,597	70,597	-
<b>Expenditures</b>				
Support services				
Principal and interest	70,597	70,597	338,353	(267,756)
Total expenditures	70,597	70,597	338,353	(267,756)
Excess of revenues over (under) expenditures	-	-	(267,756)	(267,756)
<b>Other financing sources (uses)</b>				
Transfer from other funds	-	-	267,756	267,756
<b>Net change in fund balance</b>	-	-	-	-
Fund balance at July 1, 2020	-	-	-	-
Fund balance at June 30, 2021	\$ -	\$ -	\$ -	\$ -

School District of West Salem  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
Year ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Other local sources	\$ -	\$ -	\$ 7	\$ 7
Other sources	<u>19,400</u>	<u>19,400</u>	<u>17,135</u>	<u>(2,265)</u>
Total revenues	19,400	19,400	17,142	(2,258)
<b>Expenditures</b>				
Support services				
Business				
administration	<u>196,963</u>	<u>196,963</u>	<u>194,649</u>	<u>2,314</u>
Total expenditures	<u>196,963</u>	<u>196,963</u>	<u>194,649</u>	<u>2,314</u>
<b>Net change in fund balance</b>	(177,563)	(177,563)	(177,507)	56
Fund balance at July 1, 2020	<u>177,563</u>	<u>177,563</u>	<u>177,563</u>	<u>-</u>
Fund balance at June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 56</u>

School District of West Salem  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
Year ended June 30, 2021

**NOTE 1 - BUDGETARY ACCOUNTING**

Budgets are adopted each fiscal year for all funds in accordance with Wisconsin state statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- A. Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- B. The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- C. A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- D. Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- E. Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- F. Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a committed fund balance.

**NOTE 2 - BASIS OF ACCOUNTING**

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the financial statements. There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes, the special education fund was budgeted separate from the general fund, but for GAAP, the two are combined.

School District of West Salem  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**  
 Year ended June 30, 2021

**NOTE 3 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

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

<u>Individual Fund and Function</u>	<u>Expenditures</u>
General Fund	
Regular instruction	\$ 936,131
Instructional staff services	143,183
Central services	4,458
Insurance	1,656
Other support services	101,293
Transfer to other funds	667,756
Special Revenue Trust Fund	
Regular instruction	1,430
Other instruction	106,671
Building administration services	4,084
Other support services	15,202
Debt Services Fund	
Principal and interest - referendum debt	1,902
Principal and interest - non-referendum debt	267,756

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

School District of West Salem  
**BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
 June 30, 2021

	Fund Number:	<u>(39)</u>	<u>(38)</u>	
		<u>Referendum</u>	<u>Non-Referendum</u>	<u>Total</u>
<b>Assets</b>				
Cash and investments	\$	351,382	\$ -	\$ 351,382
Due from other funds		<u>3,961</u>	<u>-</u>	<u>3,961</u>
Total assets	\$	<u><u>355,343</u></u>	\$ <u><u>-</u></u>	\$ <u><u>355,343</u></u>
<b>Fund balances</b>				
Restricted	\$	<u>355,343</u>	\$ <u>-</u>	\$ <u>355,343</u>
Total liabilities and fund balances	\$	<u><u>355,343</u></u>	\$ <u><u>-</u></u>	\$ <u><u>355,343</u></u>

School District of West Salem  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUNDS**  
Year ended June 30, 2021

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
<b>Revenues</b>			
Property taxes	\$ 1,682,048	\$ 70,597	\$ 1,752,645
Other local sources	45	-	45
Total revenues	1,682,093	70,597	1,752,690
<b>Expenditures</b>			
Support services			
Principal and interest	1,683,950	338,353	2,022,303
Total expenditures	1,683,950	338,353	2,022,303
Excess of revenues over (under) expenditures	(1,857)	(267,756)	(269,613)
<b>Other financing sources (uses)</b>			
Transfer from other funds	-	267,756	267,756
	-	267,756	267,756
<b>Net change in fund balance</b>	(1,857)	-	(1,857)
Fund balance at July 1, 2020	357,200	-	357,200
Fund balance at June 30, 2021	\$ 355,343	\$ -	\$ 355,343

School District of West Salem  
**BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 June 30, 2021

Fund Number:	(50)	(80)	(46)	Total
	Food Service Fund	Community Service Fund	Capital Improvement Fund	
<b>Assets</b>				
Cash and investments	\$ 84,990	\$ 100,747	\$ 10,156	\$ 195,893
Accounts receivable	-	349	-	349
Due from other funds	54	-	400,000	400,054
Due from other governments	27,667	-	-	27,667
Prepaid expenses	1,131	-	-	1,131
	<u>113,842</u>	<u>101,096</u>	<u>410,156</u>	<u>625,094</u>
Total assets	<u>\$ 113,842</u>	<u>\$ 101,096</u>	<u>\$ 410,156</u>	<u>\$ 625,094</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accrued liabilities				
Payroll, payroll taxes, and employee benefits	\$ 16,899	\$ 1,353	\$ -	\$ 18,252
Unearned revenue	46,891	-	-	46,891
	<u>63,790</u>	<u>1,353</u>	<u>-</u>	<u>65,143</u>
<b>Fund balances</b>				
Nonspendable	1,131	-	-	1,131
Restricted	48,921	99,743	410,156	558,820
	<u>50,052</u>	<u>99,743</u>	<u>410,156</u>	<u>559,951</u>
Total liabilities and fund balances	<u>\$ 113,842</u>	<u>\$ 101,096</u>	<u>\$ 410,156</u>	<u>\$ 625,094</u>



School District of West Salem  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year ended June 30, 2021

Fund Number:	(50)	(80)	(46)	
	Food Service Fund	Community Service Fund	Capital Improvement Fund	Total
<b>Revenues</b>				
Property taxes	\$ -	\$ 109,500	\$ -	\$ 109,500
Other local sources	78,236	11,919	24	90,179
Interdistrict sources	19,232	-	-	19,232
State sources	15,735	-	-	15,735
Federal sources	880,426	-	-	880,426
Other sources	4,138	-	-	4,138
Total revenues	<u>997,767</u>	<u>121,419</u>	<u>24</u>	<u>1,119,210</u>
<b>Expenditures</b>				
<b>Support services</b>				
Community service	-	78,737	-	78,737
Food service	947,715	-	-	947,715
Total support services	<u>947,715</u>	<u>78,737</u>	<u>-</u>	<u>1,026,452</u>
Total expenditures	<u>947,715</u>	<u>78,737</u>	<u>-</u>	<u>1,026,452</u>
Excess (deficiency) of revenues over expenditures	50,052	42,682	24	92,758
<b>Other financing sources (uses)</b>				
Transfer from (to) other funds	-	-	400,000	400,000
	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
<b>Net change in fund balance</b>	50,052	42,682	400,024	492,758
Fund balance at July 1, 2020	<u>-</u>	<u>57,061</u>	<u>10,132</u>	<u>67,193</u>
Fund balance at June 30, 2021	<u>\$ 50,052</u>	<u>\$ 99,743</u>	<u>\$ 410,156</u>	<u>\$ 559,951</u>

School District of West Salem  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2021

	Federal Catalog Number	Program or Award Number	Program or Award Amount	Receivable at July 1, 2020	Expenditures	Revenues Grantor	Receivable at June 30, 2021	Footnote
<b>United States Department of Agriculture</b>								
Passed through Wisconsin Department of Public Instruction								
Child Nutrition Cluster								
Food Distribution								
July 1, 2020 to June 30, 2021	10.555	UNKNOWN	N/A	\$ -	\$ 72,184	\$ 72,184	\$ -	2
School Breakfast Program	10.553		N/A	506	-	506	-	1
July 1, 2019 to June 30, 2020	10.555		N/A	957	-	957	-	1
National School Lunch Program	10.559		N/A	-	803,242	775,575	27,667	1
July 1, 2019 to June 30, 2020				-	875,426	849,222	27,667	
NSL Summer Food Service Program - COVID-19		2021-326370-DPI-SFSP-566	N/A	-				
July 1, 2020 to June 30, 2021				1,463			27,667	
Subtotal Child Nutrition Cluster				1,463	875,426	849,222	27,667	
Total United States Department of Agriculture								
				1,463	875,426	849,222	27,667	
<b>United States Department of Education</b>								
Passed through Wisconsin Department of Public Instruction								
Title 1 Basic Grant								
July 1, 2019 to June 30, 2020	84.010A		N/A	8,554	-	8,554	-	
July 1, 2020 to June 30, 2021		2021-326370-DPI-TIA-141	\$ 73,045	-	72,241	63,383	8,858	
Special Education (IDEA) Cluster								
PL 94-142 Idea Flow-Through								
July 1, 2019 to June 30, 2020	84.027A		N/A	30,415	-	30,415	-	
July 1, 2020 to June 30, 2021		2021-326370-DPI-IDEA-FT-341	\$ 392,734	-	383,663	275,562	108,101	
PL 99-457 Pre-School Entitlement								
July 1, 2019 to June 30, 2020	84.173A		N/A	2,043	-	2,043	-	
July 1, 2020 to June 30, 2021		2021-326370-DPI-IDEA-P-347	\$ 9,975	-	7,687	7,687	-	
Subtotal Special Education (IDEA) Cluster				32,458	391,350	315,707	108,101	
Title IIA Teacher and Principal Training								
July 1, 2020 to June 30, 2021	84.367A		\$ 27,498	-	27,093	26,283	810	
Title IVA Student Sport and Academic Enrichment								
July 1, 2020 to June 30, 2021	84.424A		\$ 19,629	-	19,152	18,495	657	
Elementary and Secondary School								
Emergency Relief Fund - COVID-19								
July 1, 2020 to June 30, 2021	84.425D		\$ 105,990	-	105,990	89,837	16,153	
Elementary and Secondary School								
Emergency Relief Fund II - COVID-19								
July 1, 2020 to June 30, 2021	84.425D		\$ 235,212	-	118,900	13,021	105,879	
Total passed through Wisconsin Department of Public Instruction								
				41,012	734,726	535,280	240,458	

School District of West Salem  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
Year ended June 30, 2021

	Federal Catalog Number	Program or Award Amount	Program or Award Amount	Receivable at July 1, 2020	Expenditures	Revenues Grantor	Receivable at June 30, 2021	Footnote
<b>United States Department of Education - Continued</b>								
Passed through Cooperative Educational Services Agency #4								
Carl Perkins Tech Prep	84.048							
July 1, 2020 to June 30, 2021		UNKNOWN	\$ 7,050	\$ -	\$ 7,058	\$ 7,058	\$ -	
Title IIIA	84.365A							
July 1, 2020 to June 30, 2021		UNKNOWN	450	-	450	450	-	
Total passed through CESA #4				-	7,508	7,508	-	
Total United States Department of Education				41,012	742,234	542,788	240,458	
<b>United States Department of Health and Human Services</b>								
Passed through State of Wisconsin Health Care								
Financing Programs								
Medicaid	93.778							
July 1, 2019 to June 30, 2020		UNKNOWN	N/A	2,669	-	2,669	-	
July 1, 2020 to June 30, 2021		UNKNOWN	N/A	-	204,560	192,832	11,728	
Total United States Department of Health and Human Services				2,669	204,560	192,832	11,728	
Total federal financial assistance				\$ 45,144	\$ 1,822,220	\$ 1,584,842	\$ 279,853	

Note 1: This statement is prepared using the same basis of accounting as the District's financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

Note 2: The amount of commodities reported on the schedule is the value of commodities received by the District in the current year and are priced as prescribed by the Wisconsin Department of Public Instruction.

Note 3: All costs reported are direct costs. The District has not elected to use the 10% de minimus indirect rate.

Note 4: There are no subrecipients.

School District of West Salem  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
Year ended June 30, 2021

	I.D. Number	Program or Award Amount	Receivable at July 1, 2020	Expenditures	Revenue State Reimbursements	Receivable at June 30, 2021
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>						
<b>Cost Reimbursement Programs - Non-major</b>						
Passed through the CESA #4						
Youth Apprenticeship						
	445.107	\$ 780	\$ -	\$ 780	\$ 780	\$ -
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
<b>Cost Reimbursement Programs - Non-major</b>						
Robotics						
	255.959	N/A	6,801	-	6,801	-
		\$ 4,526	-	4,526	-	4,526
Assessment of Reading Readiness						
	255.956	\$ 2,359	-	2,359	2,359	-
Career and technical Education Incentive						
	255.950	\$ 7,976	-	7,976	7,976	-
Educator Effectiveness						
	955.945	\$ 11,600	-	11,600	11,600	-
Transition readiness						
	255.257	\$ 38,500	-	31,220	20,818	10,402
			<u>6,801</u>	<u>57,681</u>	<u>49,554</u>	<u>14,928</u>
			<u>\$ 6,801</u>	<u>\$ 58,461</u>	<u>\$ 50,334</u>	<u>\$ 14,928</u>
<b>Entitlement Programs</b>						
Major State Programs						
Handicapped Pupils and School Age Parents:						
Internal District Programs						
	255.101		<u>\$ 3,001,605</u>	835,605		
Participant in Package Program at CESA #4						
				16,716		
Total Handicapped Program						
				<u>852,321</u>		
General Equalization						
	255.201			11,722,465		
Per Pupil Aid						
	255.945			1,269,562		
Total major programs						
				<u>\$ 13,844,348</u>		
Non-major State Programs						
Pupil Transportation						
	255.107			66,629		
Common School Fund						
	255.103			74,476		
State School Lunch Aid						
	255.102			10,042		
Supplemental Per Pupil Aid						
	255.245			5,200		
School Breakfast Program						
	255.344			2,923		
Wisconsin School Day Milk Program						
	255.115			2,769		
Early College Credit Program						
	255.445			474		
Total non-major programs						
				<u>\$ 162,513</u>		
Total State Assistance						
				<u>\$ 14,065,322</u>		

OTHER REPORTS



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

Board of Education  
School District of West Salem  
West Salem, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of West Salem, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 22, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

#### **Purpose of this Report**

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

*Trostred & Temp, S.C.*

November 22, 2021



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La Crosse, WI 54601  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND  
WISCONSIN STATE SINGLE AUDIT GUIDELINES**

Board of Education  
School District of West Salem  
West Salem, Wisconsin

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

We have audited the School District of West Salem's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration. Those standards and Uniform Guidance require that we plan and perform the



audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

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

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

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

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

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 our testing based on the requirements of Uniform Guidance and the Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration. Accordingly, this report is not suitable for any other purpose.

*Tostrud + Temp, S.C.*

November 22, 2021

School District of West Salem  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2021

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
 Material weakness identified?  yes  no  
 Significant deficiency (ies) identified?  yes  none reported

Noncompliance material to the financial statements?  yes  no

**Federal Awards**

Internal control over compliance:  
 Material weakness identified?  yes  no  
 Significant deficiency (ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?  yes  no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee?  yes  no

