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DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2021

**DEFOREST AREA SCHOOL DISTRICT  
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For the Year Ended June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
DeForest Area School District  
DeForest, 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 DeForest Area School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the DeForest Area School District's basic financial statements as listed in the table of contents.

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

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

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

### ***Emphasis of Matter***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv through xiv, and the Required Supplementary Information on pages 51 through 59 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 DeForest Area School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
December 14, 2021

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

To the Board of Education  
DeForest Area School District

The Management's Discussion and Analysis of the DeForest Area School District's 2020-2021 financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follows this section.

**Financial Highlights**

The District's overall financial position, as reflected in total net position, increased by \$8,885,452.

Total District revenues on the Statement of Activities were \$63,434,459 including \$34,503,905 of property taxes and \$21,890,283 of federal and state aid not restricted for a specific purpose. Total District expenditures were \$54,549,007; including \$24,980,495 for direct instruction.

The following events took place during fiscal 2020-2021:

- At the end of the current fiscal year, fund balance for the general fund was approximately \$21.3 million. \$236,781 of that amount was restricted for self-funded insurance, \$37,048 was restricted for common school fund, \$1,846,964 of that amount was assigned for payroll and other accounts payable encumbrances, \$176,706 of that amount was assigned for the ACT 59 project (CTE certifications) and \$3,665,843 of that amount was assigned for COVID-19 budget related impacts. The fund balance of Total Governmental Funds was approximately \$74 million. The breakdown of the \$74 million is as follows:
  - \$ 21.3 million General Fund
  - \$ 40 million Capital Projects Fund
  - \$ 2.9 million Debt Service Fund
  - \$ 9.8 million Nonmajor Governmental Funds
- Total unassigned Governmental Funds fund balance as of the end of the fiscal year is 8.3% of total expenditures.
- The 2020 tax levy increased 4.8% from the prior year from a total levy of \$32,908,862 to \$34,503,905.
- The District continued to allocate funds for Other Post Employment Benefit (OPEB) during the 2020-2021 fiscal year. The District's 2020-2021 contribution was \$484,695.
- The District did not have a need to borrow short-term for cash-flow purposes due to the District's commitment to maintaining an appropriate fund balance. The District is able to avoid interest expense related to short-term borrowing.
- Instructional costs represent the single largest cost for the General Fund at 54% or \$25,979,852.

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

**Overview of the Financial Statements**

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

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 long-term information as well as 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.

*Required supplementary information* further explains and supports the financial statements by including a comparison of the District's budget data for the year.

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

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

**Major Features of the District-wide and Fund Financial Statements**

	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 instruction, support services, debt service, capital projects, food service and community services	Assets held by the District on behalf of someone else <ul style="list-style-type: none"> <li>• Other Post Employment Benefits.</li> </ul>
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position.</li> <li>• Statement of Changes in Fiduciary Net Position.</li> </ul>
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 and liabilities; both financial and capital, short-term and long-term	General assets expected to be used up and liabilities that come due during the year or soon thereafter.  No capital assets or long-term liabilities included	All assets and liabilities, 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 liability are due and payable	All additions or deductions during the year, regardless of when cash is received and paid



**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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 the District. The Statement of Net Position reports all assets and deferred outflow, liabilities and deferred inflows available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net Position, the difference between the District's assets and liabilities, are 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 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* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula 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 (like repaying its long-term debt) or to show that it is properly using certain revenues (like 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 that 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.
- *Fiduciary funds* – The District serves as a trustee, or fiduciary, for Other Post-Employment Benefits trust. 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.

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

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

Table 1 provides a summary of the District's net position for the years ended June 30, 2021 and 2020.

<b>Table 1</b>		
<b>Condensed Statement of Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets	\$ 89,601,436	\$ 145,044,220
Capital assets (less depreciation)	167,187,213	94,807,745
Other assets	9,324,000	5,520,105
Total assets	<u>\$ 266,112,649</u>	<u>\$ 245,372,070</u>
<b>Deferred outflows of resources</b>	<u>\$ 19,244,575</u>	<u>\$ 12,146,507</u>
<b>Liabilities</b>		
Current liabilities	\$ 24,286,478	\$ 41,585,580
Non-current liabilities	152,947,229	123,327,279
Total liabilities	<u>\$ 177,233,707</u>	<u>\$ 164,912,859</u>
<b>Deferred inflows of resources</b>	<u>\$ 21,105,288</u>	<u>\$ 14,988,777</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 52,803,133	\$ 48,582,137
Restricted	21,152,163	11,523,506
Unrestricted	13,062,933	17,511,298
Total net position	<u>\$ 87,018,229</u>	<u>\$ 77,616,941</u>

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

**Financial Analysis of the District as a Whole (Continued)**

Table 2 provides summarized operating results and their impact on Net Position.

<b>Table 2</b>		
<b>Change in Net Position from Operating Results</b>		
	2021	2020
Revenues		
Program revenues:		
Charges for services	\$ 1,145,359	\$ 2,147,784
Operating grants and contributions	5,034,505	4,254,347
General revenues:		
Property taxes	34,503,905	32,908,862
State formula aid	21,890,283	20,738,453
Other	642,721	1,830,453
Special item	217,686	-
Total revenues	63,434,459	61,879,899
Expenses		
Instruction	24,980,495	25,010,947
Support Services:		
Pupil & instructional services	6,160,565	6,295,107
Building and general administration	3,022,195	3,108,560
Business administration and central services	8,966,367	8,524,220
Transportation and insurance	2,099,916	1,963,821
Food service	1,218,306	1,442,791
Debt service and other support services	5,273,248	5,036,508
Community services	79,287	127,257
Other	725,380	599,982
Non-program Services	2,023,248	1,921,851
Total expenses	54,549,007	54,031,044
Increase (decrease) in net position	\$ 8,885,452	\$ 7,848,855

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

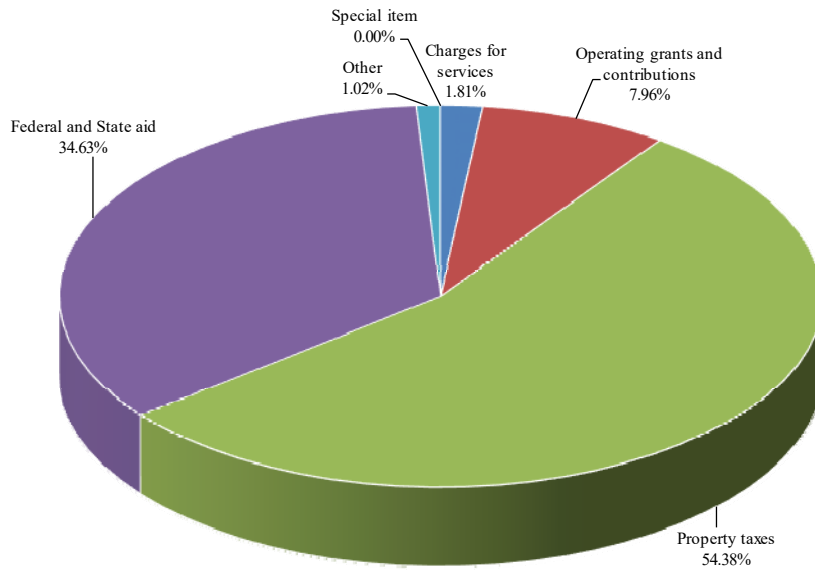
**Financial Analysis of the District as a Whole (Continued)**

The District relies primarily on property taxes and state formula aid to fund governmental activities. The District received \$63.4 million in revenue for fiscal year 2021 for Governmental Activities with 54.4% from property taxes and 34.5% from general federal and state aid. The remaining 11.1% of revenue came from charges for services, operating grants and contributions, and other.

The District received \$1.15 million in open enrollment, textbook and activity fees, admissions to athletic events, food service payments and building rental fees. This revenue came directly from individuals who participated or benefited from a specific program.

Federal and state government subsidized District programs with grants and contributions totaling \$4.86 million. The aid the District received for special education, transportation, and food service programs, as well as other instructional and support programs are included here.

**Revenues by Source 2020-21**



**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

**Financial Analysis of the District as a Whole (Continued)**

Table 3 presents the cost of the nine categories of 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). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3  
Net Cost of Governmental Activities

	Net Cost of Services 2021	Percent of Services 2021	Net Cost of Services 2020	Percent of Services 2020
<b>Expenses</b>				
Instruction	\$ 20,788,348	43.0%	\$ 20,602,602	43.3%
Support Services:				
Pupil & instructional services	5,533,849	11.4%	5,753,371	12.1%
Building and general administration	3,022,195	6.2%	3,108,560	6.5%
Business administration and central services	8,778,546	18.1%	8,450,544	17.7%
Transportation	1,524,838	3.2%	1,429,217	3.0%
Food services	201,677	0.4%	250,294	0.5%
Debt service and other support services	5,998,628	12.4%	5,636,490	11.8%
Community services	67,382	0.1%	70,996	0.1%
Other	480,000	1.0%	404,988	0.9%
Non-program Services	1,973,680	4.1%	1,921,851	4.0%
<b>Total Expenses</b>	<u><u>\$ 48,369,143</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 47,628,913</u></u>	<u><u>100.0%</u></u>

The cost of all governmental activities this year was \$54,549,007. Individuals who directly participated or benefited from a program offering paid for \$1,145,359 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$4,862,916. The net cost of governmental activities \$48,540,732 was financed by general revenues of the District including in \$34,503,905 property taxes, \$21,890,283 state formula aid, and \$1,034,857 other.

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

**Financial Aspects of the District's Funds**

- The general fund had a total increase in fund balance of \$276,030 and as of June 30, 2021 has a balance of \$21,286,612. The unassigned fund balance increased by \$31,060. Assigned fund balance increased by \$276,063. Restricted fund balance increased by \$7,300. Non-spendable fund balance decreased by \$38,393.
- The debt service fund had a decrease to fund balance of \$715,037 and as of June 30, 2021 has a balance of \$2,854,916.
- The capital projects fund had an decrease to fund balance of \$63,726,805 and as of June 30, 2021 has a balance of \$40,011,625.
- The capital improvement trust fund had an increase to fund balance of \$676,099 and as of June 30, 2021 has a balance of \$6,503,799.
- The capital expansion fund had an increase to fund balance of \$180,938 and as of June 30, 2021 has a balance of \$2,538,118.
- The food service fund balance for 2020-21 showed a decrease of \$8,384 and as of June 30, 2021 has a balance of \$0.
- The OPEB (Other Post Employee Benefits) Liability net position increased by \$311,512 and as of June 30, 2021 has a balance of \$4,395,834.
- The private purpose trust fund which held scholarship balances was closed to the Special Revenue Fund.

**General Fund Budgetary Highlights**

Consistent with current state statutes and regulations an *original* budget is adopted in October following determination of official enrollment and certification of states aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2020-21 to reflect:

- The General Fund revenue budget saw a decrease of \$360,641. The Special Education revenue budget increased by \$252,963.
- The General Fund expenditure budget saw a decrease of \$208,251. The Special Education expenditure budget decreased by \$121,088.
- The rest of the funds budgets, fund 21, 39, 41, 46, 49, 50, 80, 73, 96, and 97, revenue and expenditures budgets were not changed and remained at the original budget.

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

**Capital Assets**

At the end of fiscal year 2021, the District had invested \$201,775,682 in capital assets; including buildings, sites and equipment (see Table 4). Total accumulated depreciation on assets was \$34,588,469. Asset acquisitions for governmental activities totaled \$74,723,985, which includes construction of High School, Middle School, the new Intermediate School, Yahara Elementary School and the Turf project. The District recognized depreciation expense of \$2,341,656 for the year. (Detailed information about capital assets can be found in Note 6 to the financial statements.)

**Table 4**  
**Capital Assets**  
**(Net of depreciation)**

	2021	2020
Land	\$ 8,119,382	\$ 8,119,382
Buildings	97,691,798	97,710,719
Land improvements	3,727,987	2,532,214
Equipment and vehicles	6,366,645	5,752,525
Construction in progress	85,869,870	13,001,989
Accumulated depreciation	(34,588,469)	(32,309,084)
Net capital assets	\$ 167,187,213	\$ 94,807,745

**Long-term Liabilities**

At year-end the District had \$145,480,000 in general obligation bonds/notes. Payments were made for a total of \$73,305,000 to general obligation debt. The District issued new capital lease for \$178,800. Detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Table 6**  
**Outstanding Long-term Obligations**

	2021	2020
General Obligation Bonds/Notes	\$ 145,480,000	\$ 117,165,000
Bond Anticipation Note	-	24,000,000
Compensated Absences	3,090,741	3,308,309
Capital Lease	368,962	405,325
Premium/Discount on Debt	8,644,446	8,581,472
Net Long Term Liabilities	\$ 157,584,149	\$ 153,460,106

General Obligation Bonds of the District are 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 for annual debt service payments.

**DEFOREST AREA SCHOOL DISTRICT**  
DeForest, Wisconsin

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

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

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

- The referendum projects of 2020 are anticipated to be billed through the Winter of 2023.
- The District plans on using the assigned fund balance from 2020-21 to help offset the financial impacts of the COVID-19 pandemic.

**Contacting the District's Financial Management**

This 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 questions about this report or need additional financial information, Kathleen Davis-Phillips, Director of Business & Auxiliary Services, DeForest Area School District, 520 East Holum Street, DeForest, Wisconsin.



## BASIC FINANCIAL STATEMENTS

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**STATEMENT OF NET POSITION  
June 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 16,595,745
Restricted Cash and Investments	60,587,180
Receivables:	
Taxes	7,941,940
Accounts	88,589
Prepaid Expenses	1,749,721
Due from Other Governments	2,588,028
Inventories	50,233
Total Current Assets	89,601,436
Noncurrent Assets:	
Land	8,119,382
Construction in Progress	85,869,870
Land Improvements	3,727,987
Buildings	97,691,798
Equipment and Vehicles	6,366,645
Less: Accumulated Depreciation	(34,588,469)
Net Capital Assets	167,187,213
Restricted Assets:	
Net Pension Asset	9,324,000
Total Restricted Assets	9,324,000
Total Assets	266,112,649
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on Refunding	2,240,231
Deferred OPEB Outflows - Health Plan	1,108,759
Deferred OPEB Outflows - Group Life Insurance Plan	1,062,443
Deferred Pension Outflows	14,833,142
Total Deferred Outflows of Resources	19,244,575

See accompanying notes to the financial statements.

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**STATEMENT OF NET POSITION  
June 30, 2021**

	<u><b>Governmental Activities</b></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	11,247,175
Accrued Liabilities:	
Payroll and Related Items	3,868,036
Interest	1,122,459
Due to Fiduciary Funds	604,208
Due to Other Governments	14,399
Food Service Deposits	99,612
Current Portion of Long-Term Obligations	7,330,589
Total Current Liabilities	<u>24,286,478</u>
Noncurrent Liabilities:	
Noncurrent Portion of Long-Term Obligations	150,253,560
Net OPEB Liability - Health Plan	253,692
OPEB Liability - Group Life Insurance Plan	2,439,977
Total Noncurrent Liabilities	<u>152,947,229</u>
Total Liabilities	<u>177,233,707</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred OPEB Inflows - Health Plan	391,830
Deferred OPEB Inflows - Group Life Insurance Plan	288,176
Deferred Pension Inflows	20,425,282
Total Deferred Inflows of Resources	<u>21,105,288</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	52,803,133
Restricted:	
Capital Projects	9,041,917
Debt Service	1,732,457
Donations	771,344
Self-funded Insurance	236,781
Unspent Common School Fund	37,048
Community Service	8,616
Restricted Net Pension	9,324,000
Unrestricted	13,062,933
Total Net Position	<u><u>\$ 87,018,229</u></u>

See accompanying notes to the financial statements.

**DEFOREST AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Revenue and Changes in Net Position</b>
				<b>Governmental Activities</b>
Governmental Activities				
Instruction				
Regular Instruction	\$ 16,355,196	\$ 1,056,602	\$ 265,300	\$ (15,033,294)
Vocational Instruction	1,198,597	-	5,879	(1,192,718)
Special Education Instruction	5,509,887	-	2,629,212	(2,880,675)
Other Instruction	1,916,815	44,421	190,733	(1,681,661)
Total Instruction	<u>24,980,495</u>	<u>1,101,023</u>	<u>3,091,124</u>	<u>(20,788,348)</u>
Support Services				
Pupil Services	2,478,245	250	313,799	(2,164,196)
Instructional Staff Services	3,682,320	-	312,667	(3,369,653)
General Administration Services	930,343	-	-	(930,343)
Building Administration Services	2,091,852	-	-	(2,091,852)
Business Administration	2,367,179	-	-	(2,367,179)
Operation and Maintenance	4,882,154	-	186,380	(4,695,774)
Pupil Transportation	1,619,916	-	95,078	(1,524,838)
Central Services	1,717,034	-	1,441	(1,715,593)
Insurance	480,000	-	-	(480,000)
Interest and Fiscal Charges on Debt	5,273,248	-	-	(5,273,248)
Other Support Services	725,380	-	-	(725,380)
Food Services	1,218,306	17,481	999,148	(201,677)
Community Services	79,287	11,905	-	(67,382)
Total Support Services	<u>27,545,264</u>	<u>29,636</u>	<u>1,908,513</u>	<u>(25,607,115)</u>
Non-program Services	<u>2,023,248</u>	<u>14,700</u>	<u>34,868</u>	<u>(1,973,680)</u>
Total Governmental Activities	<u>\$ 54,549,007</u>	<u>\$ 1,145,359</u>	<u>\$ 5,034,505</u>	<u>(48,369,143)</u>

**General revenues:**

Taxes:	
Property Taxes, Levied for General Purposes	24,053,905
Property Taxes, Levied for Debt Service	10,400,000
Property Taxes, Levied for Community Services	50,000
Federal and State Aid not Restricted to Specific Purpose	
General	21,890,283
Interest and Investment Earnings	466,850
Miscellaneous	175,871
Total General Revenues	<u>57,036,909</u>
Special Item- Gain (Loss) on Disposal of Fixed Assets	217,686
Change in Net Position	<u>8,885,452</u>
Net Position - Beginning, as Previously Reported	77,616,941
Prior Period Adjustment - GASB 84 Implementation	515,836
Net Position - Beginning, as Restated	<u>78,132,777</u>
Net Position - Ending	<u>\$ 87,018,229</u>

See accompanying notes to the financial statements.

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 15,828,407	\$ -	\$ -	\$ 767,338	\$ 16,595,745
Restricted Cash and Investments	-	49,130,491	2,854,916	8,601,773	60,587,180
Receivables:					
Taxes	7,941,940	-	-	-	7,941,940
Accounts	53,272	1,920	-	33,397	88,589
Due from Other Funds	163,152	-	-	550,000	713,152
Due from Other Governments	2,371,925	-	-	216,103	2,588,028
Inventory	-	-	-	50,233	50,233
Prepaid Expenses	266,189	1,483,532	-	-	1,749,721
<b>TOTAL ASSETS</b>	<u>\$ 26,624,885</u>	<u>\$ 50,615,943</u>	<u>\$ 2,854,916</u>	<u>\$ 10,218,844</u>	<u>\$ 90,314,588</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 323,402	\$ 10,604,318	\$ -	\$ 112,431	\$ 11,040,151
Accrued Salaries and Wages	2,929,099	-	-	153	2,929,252
Payroll Taxes and Withholdings	938,764	-	-	20	938,784
Due to Fiduciary Funds	597,008	-	-	7,200	604,208
Due to Other Funds	550,000	-	-	163,152	713,152
Due to Other Governments	-	-	-	14,399	14,399
Food Service Deposits	-	-	-	99,612	99,612
Total Liabilities	<u>5,338,273</u>	<u>10,604,318</u>	<u>-</u>	<u>396,967</u>	<u>16,339,558</u>
<b>FUND BALANCES</b>					
Nonspendable	266,189	1,483,532	-	50,233	1,799,954
Restricted	273,829	38,528,093	2,854,916	9,821,877	51,478,715
Assigned	5,689,513	-	-	-	5,689,513
Unassigned (Deficit)	15,057,081	-	-	(50,233)	15,006,848
Total Fund Balances	<u>21,286,612</u>	<u>40,011,625</u>	<u>2,854,916</u>	<u>9,821,877</u>	<u>73,975,030</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 26,624,885</u>	<u>\$ 50,615,943</u>	<u>\$ 2,854,916</u>	<u>\$ 10,218,844</u>	<u>\$ 90,314,588</u>

See accompanying notes to the basic financial statements

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT  
OF NET POSITION  
June 30, 2021**

Total fund balance, governmental funds	\$	73,975,030
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statement, but are reported in the governmental activities in the Statement of Net Position.</p>		167,187,213
<p>The net pension asset is not a current financial resource, and is therefore not reported in the fund statements.</p>		9,324,000
<p>Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined pension plan and OPEB plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not current financial resources or obligations and therefore are not reported in the fund statements.</p>		
Net deferred outflows and inflows of resources		(4,100,944)
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
Loss on refunding		2,240,231
<p>Some liabilities (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
General obligation debt		(145,480,000)
Capital leases payable		(368,962)
Net OPEB liability - Group Life Insurance Plan		(2,439,977)
Net OPEB liability - Health Insurance		(253,692)
Unamortized premium on debt		(8,644,446)
Accrued interest on long-term debt		(1,122,459)
Compensated absences		(3,090,741)
Impact fees liability		(207,024)
Net Position of Governmental Activities in the Statement of Net Position	\$	87,018,229

See accompanying notes to the financial statements.

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property Taxes	\$ 22,053,905	\$ -	\$ 10,400,000	\$ 2,050,000	\$ 34,503,905
Other Local Sources	93,146	398,113	7,891	413,360	912,510
Interdistrict Sources	1,046,063	-	-	-	1,046,063
Intermediate Sources	16,019	-	-	-	16,019
State Sources	24,364,542	-	-	22,796	24,387,338
Federal Sources	1,180,721	-	-	992,449	2,173,170
Other Sources	138,059	255,489	-	4,771	398,319
<b>Total Revenues</b>	<b>48,892,455</b>	<b>653,602</b>	<b>10,407,891</b>	<b>3,483,376</b>	<b>63,437,324</b>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular Instruction	17,179,219	-	-	25,171	17,204,390
Vocational Instruction	1,247,083	-	-	14,399	1,261,482
Special Instruction	5,820,966	-	-	-	5,820,966
Other Instruction	1,732,584	-	-	235,844	1,968,428
<b>Total Instruction</b>	<b>25,979,852</b>	<b>-</b>	<b>-</b>	<b>275,414</b>	<b>26,255,266</b>
Support Services:					
Pupil Services	2,613,131	-	-	-	2,613,131
Instructional Staff Services	3,808,240	-	-	1,698	3,809,938
General Administration Services	969,311	-	-	996	970,307
Building Administration Services	2,214,204	-	-	7,199	2,221,403
Business Administration	507,114	-	-	1,286	508,400
Operation and Maintenance	4,553,426	-	-	21,691	4,575,117
Pupil Transportation	1,615,908	-	-	-	1,615,908
Central Services	1,934,507	-	-	-	1,934,507
Insurance	404,152	75,848	-	-	480,000
Food Services	-	-	-	1,232,683	1,232,683
Community Services	-	-	-	81,264	81,264
Other Support Services	580,450	-	-	-	580,450
<b>Total Support Services</b>	<b>19,200,443</b>	<b>75,848</b>	<b>-</b>	<b>1,346,817</b>	<b>20,623,108</b>
Non-program Services	2,014,420	-	-	20,750	2,035,170
Capital Outlay	486,869	72,304,559	-	1,916,400	74,707,828
Debt Service	237,575	-	54,580,379	-	54,817,954
<b>Total Expenditures</b>	<b>47,919,159</b>	<b>72,380,407</b>	<b>54,580,379</b>	<b>3,559,381</b>	<b>178,439,326</b>
Excess (Deficiency) of Revenues over Expenditures	973,296	(71,726,805)	(44,172,488)	(76,005)	(115,002,002)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds	178,800	-	-	-	178,800
Proceeds on Long-Term Debt	-	8,000,000	69,620,000	-	77,620,000
Premium on Long-Term Debt	-	-	2,472,274	-	2,472,274
Payment to Refunded Bond Escrow Agent	-	-	(28,634,823)	-	(28,634,823)
Transfer In	-	-	-	876,066	876,066
Transfer Out	(876,066)	-	-	-	(876,066)
<b>Total Other Financing Sources (Uses)</b>	<b>(697,266)</b>	<b>8,000,000</b>	<b>43,457,451</b>	<b>876,066</b>	<b>51,636,251</b>
Net Change in Fund Balances	276,030	(63,726,805)	(715,037)	800,061	(63,365,751)
FUND BALANCE - BEGINNING, as previously reported	21,010,582	103,738,430	3,569,953	8,505,980	136,824,945
Prior Period Adjustment - implementation of GASB Statement No. 84	-	-	-	515,836	515,836
<b>Fund Balance - Beginning, as Restated</b>	<b>21,010,582</b>	<b>103,738,430</b>	<b>3,569,953</b>	<b>9,021,816</b>	<b>137,340,781</b>
<b>Fund Balance - Ending</b>	<b>\$ 21,286,612</b>	<b>\$ 40,011,625</b>	<b>\$ 2,854,916</b>	<b>\$ 9,821,877</b>	<b>\$ 73,975,030</b>

See accompanying notes to the basic financial statements

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021**

Net change in fund balances - total governmental funds: \$ (63,365,751)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays \$74,723,985 were less than depreciation (\$2,341,656) in the current period. 72,382,329

Vested employee benefits and OPEB are reported in the government funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.

Net (increase) decrease in net OPEB liability (asset), deferred outflows and deferred inflows	(824,599)
Net (increase) decrease in compensated absences	217,568
Net (increase) decrease in OPEB liability, deferred outflows and deferred inflows - group life insurance plan	(301,788)

In governmental funds impact fees payments are reported as an expenditures when paid. In the Statement of Activities, impact fees is reported as incurred. 103,512

The Statement of Activities reports losses arising from the disposal of capital assets. Losses on disposal do not appear in the governmental funds. This is the amount of loss on disposal of current year capital assets. (2,861)

Proceeds from issuing long-term capital leases and long-term debt are reported as revenue in the governmental funds but increase long-term liabilities in the statement of net position.

The amount of capital leases in the current year is:	(178,800)
The amount of long-term debt issued in the current year is:	(77,620,000)
The amount of long-term debt premium issued in the current year is:	(2,472,274)
The amount of loss on refunding is:	2,240,232

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

The amount of long-term debt principal payments in the current year is:	73,305,000
The amount of capital lease principal payments in the current year is:	215,163

Governmental funds report the effect of premiums when debt is first issued. However, the premium on long-term debt is shown as a liability in the Statement of Net Position and is amortized. 2,409,300

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the Statement of Activities interest is reported as incurred.

Change in amount of accrued interest not reflected on Governmental Funds	9,835
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Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability (asset) from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan	1,720,339
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Actuarially determined change in net pension liability (asset) between years, with some adjustments	1,048,249
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Rounding	(2)
Change in net position of governmental activities	\$ 8,885,452



**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2021**

	<b>Other Post- Employment Benefit Trust</b>
<b>ASSETS</b>	
Cash and Investments	\$ 3,792,979
Due from Other Funds	604,208
Total Assets	<u>\$ 4,397,187</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 1,353
Total Liabilities	<u>1,353</u>
<b>NET POSITION</b>	
Restricted	4,395,834
Total Net Position	<u>4,395,834</u>
Total Liabilities and Net Position	<u>\$ 4,397,187</u>

See accompanying notes to the basic financial statements

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2021**

	<b>Private Purpose Trust</b>	<b>Other Post- Employment Benefit Trust</b>
	<u>Trust</u>	<u>Benefit Trust</u>
<b>ADDITIONS</b>		
Employer Contributions	\$ -	\$ 484,695
Employee Contributions	-	37,974
Other Contributions	-	418,800
Interest and Dividends	-	2,404
	<u>-</u>	<u>943,873</u>
<b>TOTAL ADDITIONS</b>	<u>-</u>	<u>943,873</u>
<b>DEDUCTIONS</b>		
Benefit Payments	-	632,361
	<u>-</u>	<u>632,361</u>
<b>TOTAL DEDUCTIONS</b>	<u>-</u>	<u>632,361</u>
Change in Net Position	<u>-</u>	<u>311,512</u>
<b>NET POSITION - BEGINNING, as previously reported</b>	363,762	4,084,322
Prior Period Adjustments:		
Implementation of GASB Statement No. 84	(363,762)	-
<b>NET POSITION - BEGINNING, as restated</b>	<u>-</u>	<u>4,084,322</u>
<b>NET POSITION - ENDING</b>	<u>\$ -</u>	<u>\$ 4,395,834</u>

See accompanying notes to the basic financial statements

NOTES TO FINANCIAL STATEMENTS

**DEFOREST AREA SCHOOL DISTRICT**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies**

The accounting policies of the DeForest Area School District (the “District”) conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

**A. Reporting Entity**

This report includes all of the funds of the District. The reporting entity for the District consists of: (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

**B. District-Wide and Fund Financial Statements**

***District-wide Statements***

The Statement of Net Position and Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the overall government in its entirety, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District does not report any business-type activities.

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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**B. District-Wide and Fund Financial Statements (Continued)**

***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Funds are organized as major funds or nonmajor funds within the governmental fund statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

The District reports the following major governmental funds:

General Fund - Accounts for the District's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund. The Special Education Fund, a subset of the General Fund, accounts for resources legally restricted to supporting expenditures for the special education program as required by the Wisconsin Department of Public Instruction.

Debt Service Fund - Used to account for the accumulation of resources for, and the payment of, general long-term debt principal (nonreferendum and referendum), interest, and related costs.

Capital Projects Fund - Accounts for financial resources to be used for the acquisition or construction of major capital facilities.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**B. District-Wide and Fund Financial Statements (Continued)**

The District reports the following nonmajor governmental funds:

Special Revenue Funds - Used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or assigned to expenditures for specified purposes:

- Special Revenue Trust
- Food Service
- Community Service
- Package Cooperative

Capital Projects Funds - These funds account for the resources restricted for specific capital projects:

- Capital Improvement Trust Fund
- Capital Expansion Fund

In addition, the District reports the following fund types:

Other Post-Employment Benefit Trust Fund - This trust is used to report resources that are required to be held in trust for the members and beneficiaries of the District's other post-employment benefit plan.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

***District-Wide Financial Statements***

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash transaction takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

*Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. 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.

Noncurrent portions of long-term receivables due to governmental funds are reported on the balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables.

State general and categorical aids, federal impact aid, and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure driven grant programs, public charges for services, and investment income.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

The District reports unearned revenues on its governmental funds balance sheet. For governmental fund financial statements, unearned revenues arise resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the deferred inflows for unearned revenue is removed from the combined balance sheet and revenue is recognized.



**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Fiduciary funds follow the accrual basis of accounting and do not have a measurement focus.

***All Financial Statements***

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

**D. Deposits and Investments**

The District's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for nonmajor and fiduciary funds.

See note 3 for additional information.

**E. Receivables and Payables**

***Taxes***

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to the 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 two or more installments with the first installment payable the subsequent January 31, and the final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**E. Receivables and Payables (Continued)**

*Interfunds*

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

*Accounts Receivable*

All accounts receivable are shown as gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance is not material.

**F. Capital Assets**

*District-Wide Statements*

Capital assets, which include property, plant, and equipment, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 for general capital assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Estimated Useful Life</u>
Land Improvements	10-20 years
Buildings	25-50 years
Equipment and Vehicles	5-20 years

*Fund Financial Statements*

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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**G. Other Assets**

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year's cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are consumed.

**H. Long-Term Obligations**

All long-term obligations to be repaid from governmental resources are reported as a liability in the district-wide statements. The long-term obligations consist primarily of notes, bonds or loans payable, capital leases, and accrued compensated absences. Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures. For the district-wide statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year-end for premiums/discounts is shown as an increase or decrease in the liability section of the Statement of Net Position. Gains or losses on refunding are reported as deferred inflows of resources or deferred outflows of resources, respectively.

**I. Vested Employee Benefits**

***Termination Benefit***

The District is providing certain employees with negotiated termination benefits upon separation from the District. No termination benefits were paid during the year and no remaining benefits are accrued in the district-wide financial statements.

***Compensated Absences***

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

The District's policy allows administrators to earn varying amounts of sick leave for each year employed. Accrued sick leave will be lost upon separation.

The District's policy allows teachers to earn varying amounts of sick leave for each year employed. Upon retirement, unused sick leave accumulated up to a maximum of 150 days upon retirement will be paid into the retirees' premium-only HRA at the rate of \$250 per day, maximum \$37,500. The amount considered vested at June 30, 2021 is \$906,754 for retirees and \$1,838,610 for currently active teachers.

The District's policy allows support staff to earn varying amounts of sick leave for each year employed. Upon retirement, these employees are entitled to a payout of unused sick leave. The amount considered vested at June 30, 2021 is \$252,506.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**I. Vested Employee Benefits (Continued)**

In certain circumstances, the District's policy allows employees to carryover up to 40 hours of vacation into the next year. The amount considered vested at June 30, 2021 is \$92,871.

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

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

***Other Post-Employment Benefits – Health Plan***

As provided in applicable negotiated contracts, qualified employees meeting minimum age and length of service requirements may be eligible for certain other postemployment benefits directly from the District. Employees that choose not to participate in the medical plan during their retirement will instead receive a cash benefit in lieu of such coverage. See Note 10 for additional information.

***Other Post-Employment Benefits – Group Life Insurance Plan***

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

**J. Pensions**

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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**K. 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 a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has four items 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 an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The District has three items that qualify for reporting in this category.

**L. Equity Classifications**

***District-Wide Statements***

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

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

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

***Fund Statements***

In the governmental fund financial statements, governmental funds report *nonspendable* fund balance for amounts that cannot be spent because they are either:

- a. Not in spendable form; or
- b. Legally or contractually required to be maintained intact.

*Restricted* fund balance is reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**1. Summary of Significant Accounting Policies (Continued)**

**L. Equity Classifications (Continued)**

*Committed* fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District board.

*Assigned* fund balance is reported for amounts that are constrained by the District management's intent to be used for specific purposes, but is neither restricted nor committed.

*Unassigned* fund balance is the residual classification for the General Fund.

When committed, assigned, and unassigned amounts are available for use, it is the District's policy to use committed resources first, then assigned resources, then unassigned resources as they are needed.

Fiduciary fund equity is classified as held in trust for retiree health benefits. Various donor restrictions apply, including authorizing and spending trust income, and the District believes it is in compliance with all significant restrictions.

**M. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the district-wide financial statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**N. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**O. Change in Accounting Principle**

In accordance with GASB No. 84 guidance, effective July 1, 2020, operations of certain student activity accounts began to be reported as governmental activities. Prior to implementation of GASB No. 84, these operations were reported as fiduciary activities. Prior period adjustments were recorded as of July 1, 2020 to increase governmental activities net position and governmental fund balances on the Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**1. Summary of Significant Accounting Policies (Continued)**

**O. Change in Accounting Principle (Continued)**

Effective July 1, 2020, a prior period adjustment has been recorded in the fund statements as follows:

	<u>Governmental Funds</u>	<u>Fiduciary Fund</u>	Total
	Special Revenue Fund	Private Purpose Trust	Net Position/ Fund Balance impact on related funds
Net position/fund balance, as previously reported	\$ 284,742	\$ 363,762	\$ 648,504
Cumulative effect for change in accounting principle (GASB No. 84)			
Reclassify pupil organization accounts	152,074	-	152,074
Reclassify scholarship accounts	363,762	(363,762)	-
Net increase (decrease)	515,836	(363,762)	152,074
Net position/fund balance, as restated	<u>\$ 800,578</u>	<u>\$ -</u>	<u>\$ 800,578</u>

The pupil organization accounts were reported as an agency fund in prior years and did not have a net position. As of June 30, 2020, the \$152,074 of pupil organization accounts were reported as liabilities.

Effective July 1, 2020, a prior period adjustment has been recorded in the statement of activities as follows:

	<u>Governmental Activities</u>
Net position, as previously reported	\$ 77,616,941
Cumulative effect for change in accounting principle (GASB No. 84)	
Reclassify pupil organization accounts	152,074
Reclassify scholarship accounts	363,762
Net increase (decrease)	515,836
Net position, as restated	<u>\$ 78,132,777</u>

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**2. Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements**

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

***Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities***

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of four broad categories:

- a. Long-term revenue differences 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.
- b. Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- c. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
- d. Payments to retired employees for post-employment benefits are recorded when paid in the fund financial statements. Expenses are recorded in the Statement of Activities when incurred. Payments to retired employees reduce the post-employment liabilities.



**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**3. Deposits and Investments**

*Investments Authorized by Wisconsin Statutes*

Investment of District funds is restricted by State Statutes. Available investments are limited to:

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

The District has adopted an investment policy. That policy follows the State Statute for allowable investments. The investment policy does not address the following risks:

- Custodial Credit Risk
- Credit Risk
- Interest Rate Risk
- Concentration of Credit Risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of District funds is allocated to the General Fund. Amounts allocated to the General Fund but earned by other funds are not material.

The Wisconsin Investment Series Cooperative is an investment pool established by an intergovernmental agreement. The pool invests in investments legally permissible under Wisconsin law.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**3. Deposits and Investments (Continued)**

For all the District's cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2021 balances, detailed below. This means that the District's risk and exposure could be higher at these times.

	Carrying Value	Fair Value	Associated Risks
Petty Cash	\$ 1,675	\$ 1,675	N/A
Deposits	23,032,637	23,870,325	Custodial Credit Risk
Investments			
Local Government Investment Pool	10,246,365	10,246,365	Credit/Interest Rate
WISC Savings Deposit Accounts	20,434,546	20,434,546	Custodial Credit
WISC Investment Series	26,905,713	26,905,713	Credit
Certificates of Deposit	186,040	186,040	Custodial Credit/Interest Rate
Mutual Fund	27,928	27,928	Credit
Stock	141,000	141,000	N/A
Total June 30, 2021	<u>\$ 80,975,904</u>	<u>\$ 81,813,592</u>	

A reconciliation of cash and investments as shown on the statements is as follows:

Statement of Net Position	
Cash and Investments	\$ 16,595,745
Restricted Cash and Investments	
Capital Projects Funds	57,732,264
Debt Service Fund	2,854,916
Statement of Fiduciary Net Position	
Fiduciary Funds	<u>3,792,979</u>
Total Cash and Investments	<u>\$ 80,975,904</u>

Restricted cash in the amount of \$2,854,916 in the Debt Service fund and \$57,732,264 in the Capital Projects funds include amounts set aside for future payment of G.O. debt and capital project expenditures. The restricted cash to pay for these requirements is offset in the restricted fund balance of the respective funds.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**3. Deposits and Investments (Continued)**

The Wisconsin Local Government Investment Pool (“LGIP”) is part of the State Investment Fund (“SIF”), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool’s investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2021, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers’ Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of June 30, 2021 was: 95.48% in U.S. Government Securities, 3.45% in Commercial Paper and Corporate Notes, and 1.07% in Certificates of Deposit, Bankers’ Acceptances and Time Deposits. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

***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 sensitivity its fair value has to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity. The LGIP investments have an average maturity of 73 days.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>Less Than 6 Months</u>	<u>6 Months to 1 Year</u>	<u>1 Year to 5 Years</u>
Certificates of Deposit	\$ 186,040	\$ 138,280	\$ 47,760	\$ -
Local Government Investment Pool	10,246,365	10,246,365	-	-
Total	<u>\$ 10,432,405</u>	<u>\$ 10,384,645</u>	<u>\$ 47,760</u>	<u>\$ -</u>

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**3. Deposits and Investments (Continued)**

***Credit Risk***

Generally, credit risk is the risk that an issuer or other counterparty of an investment will not fulfill its obligations to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2021, the District's investments were rated as follows:

Investment Type	Fair Value	Composite
Mutual Fund - Columbia Total Return Bond CL A	\$ 27,928	Morningstar Rating-4 stars
WISC Investment Series	26,905,713	S&P Global Ratings-AAAm
Local Government Investment Pool	10,246,365	Not Rated
	<u>\$ 37,180,006</u>	

***Custodial Credit Risk***

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

As of June 30, 2021, the District's deposits with financial institutions in excess of federal deposit insurance were exposed to custodial credit risk as follows:

Insured by State Deposit Guarantee Fund	\$ 400,000
Insured by FHLB with a letter of credit	12,750,000
Uninsured and Uncollateralized	<u>161,066</u>
Total	<u>\$ 13,311,066</u>

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances exceeding uninsured amounts at the balance sheet date.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**4. Fair Value Measurement**

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

Assets at Fair Value as of June 30, 2021				
	Fair Value	Level 1	Level 2	Level 3
Mutual Fund	\$ 27,928	\$ -	\$ 27,928	\$ -
Stock	141,000	-	-	141,000
Totals	\$ 168,928	\$ -	\$ 27,928	\$ 141,000

Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Stock classified in Level 3, due to lack of an independent pricing source, are valued by the investment manager.

**5. Receivables and Customer Deposits**

All receivables of the District are expected to be collected within one year. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported deposits of \$99,612 for food service payment card balances.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**6. Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 8,119,382	\$ -	\$ -	\$ 8,119,382
Construction in progress	13,001,989	74,080,004	1,212,123	85,869,870
Total capital assets not being depreciated	<u>21,121,371</u>	<u>74,080,004</u>	<u>1,212,123</u>	<u>93,989,252</u>
Capital assets being depreciated				
Land improvements	2,532,214	1,212,123	16,350	3,727,987
Buildings	97,710,719	-	18,921	97,691,798
Equipment and vehicles	5,752,525	643,981	29,861	6,366,645
Total capital assets being depreciated	<u>105,995,458</u>	<u>1,856,104</u>	<u>65,132</u>	<u>107,786,430</u>
Accumulated depreciation				
Land improvements	(1,849,450)	(100,300)	(13,489)	(1,936,261)
Buildings	(27,005,973)	(1,942,855)	(18,921)	(28,929,907)
Equipment and vehicles	(3,453,661)	(298,501)	(29,861)	(3,722,301)
Total accumulated depreciation	<u>(32,309,084)</u>	<u>(2,341,656)</u>	<u>(62,271)</u>	<u>(34,588,469)</u>
Capital assets being depreciated, net of accumulated depreciation	<u>73,686,374</u>	<u>(485,552)</u>	<u>2,861</u>	<u>73,197,961</u>
Total capital assets, net of depreciation	<u>\$ 94,807,745</u>	<u>\$ 73,594,452</u>	<u>\$ 1,214,984</u>	<u>\$ 167,187,213</u>

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**6. Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

Instruction:	
Regular	\$ 1,133
Vocational	4,682
Other instruction	27,461
Support services:	
Pupil services	6,872
Instructional staff services	2,067
General administration services	526
Business administration	1,891,884
Operations and maintenance	311,821
Pupil transportation	3,777
Central services	68,624
Other support service	15,576
Food service	5,641
Community services	1,593
	<u>1,593</u>
Total depreciation expense	<u><u>\$ 2,341,656</u></u>

**7. Long-Term Obligations**

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

<u>General Obligation Debt</u>	<u>Beginning</u>			<u>Ending</u>	<u>Amount</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities					
G.O. Bonds	\$ 115,280,000	\$ 69,620,000	\$ 39,420,000	\$ 145,480,000	\$ 5,842,000
G.O. Notes	1,885,000	-	1,885,000	-	-
Bond Anticipation Note	24,000,000	8,000,000	32,000,000	-	-
Total governmental activity long-term liabilities	<u>141,165,000</u>	<u>77,620,000</u>	<u>73,305,000</u>	<u>145,480,000</u>	<u>5,842,000</u>
Deferred Amounts for Premium	8,581,472	2,472,274	2,409,300	8,644,446	504,573
Capital Leases	405,325	178,800	215,163	368,962	218,676
Compensated Absences	<u>3,308,309</u>	<u>-</u>	<u>217,568</u>	<u>3,090,741</u>	<u>765,340</u>
Total Long-Term Obligations	<u><u>\$ 153,460,106</u></u>	<u><u>\$ 80,271,074</u></u>	<u><u>\$ 76,147,031</u></u>	<u><u>\$ 157,584,149</u></u>	<u><u>\$ 7,330,589</u></u>

The compensated absences liability is typically being liquidated by the General Fund.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**7. Long-Term Obligations (Continued)**

***General Obligation Debt***

Total interest paid and accrued during the year:

	Expense	Paid
Long-Term Debt	\$ 5,148,629	\$ 5,158,464

All general obligation bonds and notes payable are backed by the full faith and credit and unlimited taxing powers of the District. Notes and bonds in the governmental funds will be retired by future property tax levies of the Debt Service Fund. General Obligation Debt at June 30, 2021 is comprised of the following individual issues:

Description	Issue Dates	Interest Rate %	Dates of Maturity	Original Indebtedness	Balance 6/30/2021	Amount Due Within One Year
GO School Improvement Bonds	6/17/2015	3.375-5.0%	4/1/2035	\$ 26,000,000	\$ 495,000	\$ -
GO Refunding Bonds	7/31/2019	3.0-5.0%	4/1/2039	81,575,000	75,460,000	-
GO Refunding Bonds	7/9/2020	2.0-3.0%	4/1/2040	22,995,000	22,995,000	3,390,000
GO Refunding Bonds	1/5/2021	1.5-2.0%	4/1/2036	9,970,000	9,875,000	1,670,000
GO Refunding Bonds	4/5/2021	2.13%	4/1/2041	7,950,000	7,950,000	-
GO Refunding Bonds	4/5/2021	.78-2.36%	4/1/2041	28,705,000	28,705,000	782,000
Total General Obligation Debt					\$ 145,480,000	\$ 5,842,000

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$3,238,112,460. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt Limit (10% of \$3,238,112,460)	\$ 323,811,246
Deduct long-term debt applicable to debt margin	145,480,000
Margin of indebtedness	\$ 178,331,246

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

Year Ended June 30,	Principal	Interest
2022	\$ 5,842,000	\$ 4,571,304
2023	6,140,000	4,369,964
2024	6,239,000	4,148,920
2025	6,817,000	3,918,204
2026	6,974,000	3,655,640
2027-2031	37,216,000	14,114,925
2032-2036	35,667,000	8,335,754
2037-2041	40,585,000	3,349,212
Totals	\$ 145,480,000	\$ 46,463,923



**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**7. Long-Term Obligations (Continued)**

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The District believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

***Advance Refunding***

On April 5, 2021, the District issued \$28,705,000 in taxable general obligation refunding bonds with interest rates ranging between 0.78% and 2.36%. The District issued the bonds to advance refund \$24,830,000 of the outstanding 2015 general obligation school improvement bonds with interest rates ranging between 3.375% and 5.0%. The District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2015 bonds. As a result, that portion of the 2015 bonds is considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$24,830,000 at June 30, 2021.

The advance refunding reduced total debt service payments over the next 14 years by \$1,135,700. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$849,591.

***Capital Leases***

In current year, the District entered into one new capital lease for the of facilitating the acquisition of equipment. Equipment capitalized with leases has an original cost of \$522,263 and accumulated depreciation of \$138,838. 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	\$ 235,161
2023	103,649
2024	50,729
2025	4,127
Total minimum lease payments	393,666
Less: Amount representing interest	(24,704)
Present value of net minimum lease payments	\$ 368,962

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**8. Defined Benefit Pension Plan**

**Plan Description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**8. Defined Benefit Pension Plan (Continued)**

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

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

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

During the reporting period, the WRS recognized \$1,720,339 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**8. Defined Benefit Pension Plan (Continued)**

*Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2021, the District reported an asset of \$9,324,000 for its proportionate share of the net pension 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 0.14934797%, which was an increase of 0.00182757% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension revenue of \$1,007,471.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,494,692	\$ (2,906,732)
Net differences between projected and actual earnings on pension plan investments	-	(17,505,051)
Changes in assumptions	211,486	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,888	(13,499)
Employer contributions subsequent to the measurement date	<u>1,088,076</u>	<u>-</u>
Total	<u>\$ 14,833,142</u>	<u>\$ (20,425,282)</u>

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**8. Defined Benefit Pension Plan (Continued)**

\$1,088,076 reported as deferred outflows of resources related to pension resulting from the District'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 (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2022	\$ (1,720,010)
2023	(461,597)
2024	(3,160,613)
2025	(1,337,996)
2026	-
Total	\$ (6,680,216)

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

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

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

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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**8. Defined Benefit Pension Plan (Continued)**

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

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

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51	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	<u>115</u>	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	<u>100</u>	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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**8. Defined Benefit Pension Plan (Continued)**

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

**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:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$ 8,875,156	\$ (9,324,000)	\$ (22,691,146)

**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>.

**9. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan**

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

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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**9. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

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

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

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

Contribution rates as of June 30, 2021 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are as listed below:

Life Insurance Employee Contribution Rates*		
For the year ended December 31, 2020		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$8,845 in contribution from the employer.



**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**9. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

***OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.*** At June 30, 2021, the District reported a liability of \$2,439,977 for its proportionate share of the net OPEB liability. The net OPEB liability (asset) was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net OPEB liability (asset) was based on the District’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the District’s proportion was 0.44357400%, which was an increase of .023056% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$310,834.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (116,428)
Net differences between projected and actual earnings on plan investments	35,525	-
Changes in actuarial assumptions	949,186	(167,415)
Changes in proportion and differences between employer contributions and proportionate share of contributions	73,154	(4,333)
Employer contributions subsequent to the measurement date	4,578	-
Totals	\$ 1,062,443	\$ (288,176)

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**9. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

\$4,578 reported as deferred outflows related to OPEB resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2022	\$ 143,455
2023	139,613
2024	135,656
2025	123,191
2026	151,736
Thereafter	76,038
Total	\$ 769,689

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

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

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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**9. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

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

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

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

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

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

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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**9. Other Post-Employment Benefits – Multiple-Employer Life Insurance Plan (Continued)**

***Sensitivity of the District’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate.*** The following presents the District’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25 percent, as well as what the District’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's proportionate share of the net OPEB liability (asset)	\$ 3,319,067	\$ 2,439,977	\$ 1,775,147

**10. Post-Employment Benefits Other Than Pensions – Health Plan**

At June 30, 2021, the District’s net OPEB liability was measured as of June 30, 2020, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

***Plan Description.*** The District administers a single-employer defined benefit health care plan (the Retiree Health Plan). The plan provides health insurance contributions for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. There are 391 active members in the plan and 21 retired members in the plan. Benefit provisions are determined and may be amended by the Board of Education. Benefits are not negotiated through a collective bargaining agreement. The post-retirement plan does not issue stand-alone financial reports.

***Funding Policy.*** The DeForest Area School District Post-Employment Benefits Trust was created by the District on November 8, 2008 to fund a portion of the costs of the OPEB liabilities (assets). Distributions from the Trust in any year are limited to the amount of contributions the District has made to the Trust for that year plus a portion of the investment gains of the assets of the Trust. The District has the authority to permit Trust assets to accumulate from year to year in order to reduce future District funding obligations, or the District may exercise its discretion to withdraw in any year an amount not to exceed the limitation specified above.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**10. Post-Employment Benefits Other Than Pensions – Health Plan (Continued)**

**Benefits Provided.** For the DeForest Area School District, the other postemployment benefit liability consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classification that are entitled to a benefit are briefly outlined below:

*Teachers:* At least age 55 with a minimum of 15 years of service

*Teachers hired prior to July 1, 1995* may choose one of the following two options:

- Sick Leave Conversion Benefit: Eligible retirees may use the monies resulting from unused sick leave accumulated upon retirement, converted at 90% of the retiree's per diem rate at retirement) to continue coverage under the District's group medical, dental and/or life insurance coverage until their exhaustion.
- Medical Insurance: The District shall make contributions towards a retiree's medical at the exit rate. The District shall continue its contributions in this manner for a period of 5 years.

*Teachers hired on or after July 1, 1995:*

- Affective July 1, 2020, eligible retirees will receive a one-time contribution of \$37,500 into a premium-only HRA. The total contribution will not exceed a maximum of \$37,500.

*Administrators (including current Superintendent):* At least age 55 with a minimum of 10 years of service

Eligible retirees will receive a one-time contribution of \$75,000 into a Premium-Only HRA. The total contributions will not exceed a maximum of \$75,000.

*Salaried District Specialist:* At least age 55 with a minimum of 10 years of service

Eligible retirees will receive a one-time contribution of \$50,000 into a Premium-Only HRA. The total contributions will not exceed a maximum of \$50,000.

*Hourly District Wide Administration Support:* At least age 55 with a minimum of 10 years of service

The District will make a contribution to a Premium-Only HRA on behalf of eligible retirees. The total contribution amount will be based upon \$250 per year of service in a non-district office support position and \$1,000 per year of service in a district office administrative support position. The total amount will be paid out in one-lump sum and will not exceed a maximum of \$20,000.

*Hourly Support Staff (Effective 7/1/2017):* At least age 55 with a minimum of 15 years of service

Eligible retirees will receive a one-time contribution of \$10,000 into a Premium-Only HRA. The total contribution will not exceed a maximum of \$10,000.

*Note: Prorated to FTE and only for those who qualify for benefits 75% FTE.*

*Note: HRA funds may only be used on the District's health plan only for the duration of COBRA. Any remaining balance would be for coverage with an outside provider – may not remain on the District health plan beyond COBRA. In addition, those noted eligible for a District provided benefit may self-pay to remain on the District's health plan only for the duration of COBRA.*

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**10. Post-Employment Benefits Other Than Pensions – Health Plan (Continued)**

*Note: The District has a high deductible health plan (\$3,000 single/ \$6,000 family) and provides eligible active employees with HSA contributions up to \$2,750 single/ \$5,500 family. Certain grandfathered retirees (certified staff hired before July 1, 1995) that are on the District's high deductible health plan in retirement, will also receive these contributions. No other retirees are eligible for these HSA contributions.*

**Employees Covered by Benefit Terms.** Employees participating in the OPEB benefit consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	391
	412
	412

**Net OPEB Liability (Asset).** The District's net OPEB liability of \$253,692 was measured at June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020. The discount rate was changed to be reflective of 20-year AA municipal bond rate (2.25%) as of the measurement date. All other assumptions and methods remained unchanged from the valuation performed as of June 30, 2020.

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

Inflation	2.00	percent
Discount rate*	2.25	percent
Healthcare cost trend rates	6.50	percent decreasing by .10% per year down to 5.0%, and level thereafter

*\*Discount rate is based upon all years of projected payments discounted at a 2.25% long-term expected rate of return.*

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

The actuarial assumptions used in the June 30, 2020 valuation were based on a study conducted in 2018 using the Wisconsin Retirement System (WRS) experience from 2015-2017.

**Discount Rate.** The discount rate used to measure the total net OPEB liability (asset) was 2.25%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability (asset). The long-term expected rate of return is equal to the discount rate.

The discount rate is based upon all years of projected payments discounted at a 2.25% long-term expected rate of return.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**10. Post-Employment Benefits Other Than Pensions – Health Plan (Continued)**

**Assets Allocation.** The current assets allocation of the District’s OPEB plan’s asset classes as of June 30, 2021 was as follows:

- 6.6% - Money Market Account
- 93.4% - ICS Account (Insured Cash Sweep Account)

**Changes in the Net OPEB Liability (Asset)**

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
<b>Balance at 6/30/2019</b>	<u>\$ 2,985,298</u>	<u>\$ 3,748,672</u>	<u>\$ (763,374)</u>
<b>Changes for the year:</b>			
Service cost	182,756	-	182,756
Interest	101,546	-	101,546
Changes of benefit terms	906,433	-	906,433
Differences between expected and actual experience	29,477	-	29,477
Changes in assumptions or other inputs	2,712	-	2,712
Contributions - employer	-	360,400	(360,400)
Net investment income	-	37,484	(37,484)
Benefit payments	(350,720)	(350,720)	-
Adjustment	-	(192,026)	192,026
<b>Net Changes</b>	<u>872,204</u>	<u>(144,862)</u>	<u>1,017,066</u>
<b>Balance at 6/30/2020</b>	<u>\$ 3,857,502</u>	<u>\$ 3,603,810</u>	<u>\$ 253,692</u>

*\*Previously, all Fund 73 monies were thought to have been earmarked for the District’s OPEB plan. However, during the 6/30/2020 actuarial valuation, a portion of the funds were discovered to have been set aside for the District’s Sick Leave plan. The purpose of this “Adjustment” is to result in a Fiduciary Net Position as of 6/30/2020 that only includes those monies set aside for the OPEB plan.*

The Plan’s benefit terms have changed since the prior valuation, as follows:

- The District provides HSA contributions to Teachers hired prior to July 1, 1995, participating in the high deductible health plan.
- The District now provides a post-employment HRA benefit to Teachers hired on or after July 1, 1995.
- Previously, Teachers hired on or after July 1, 1995, were provided with a sick leave conversion benefit that may have been used towards continued coverage on the District’s group medical plan. However, now this group of Teachers’ ability to remain on the District’s plan in retirement is limited to COBRA.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**10. Post-Employment Benefits Other Than Pensions – Health Plan (Continued)**

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate.*** The following presents the net OPEB liability (asset) of the District, as well as what the District’s net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Net OPEB Liability (Asset)	\$ 378,666	\$ 253,692	\$ 128,072

***Sensitivity of the Net OPEB Liability (Asset) to Changes in Healthcare Cost Trend Rates.*** The following represents the net OPEB liability (asset) of the District, as well as what the District’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB Liability (Asset)	\$ 211,119	\$ 253,692	\$ 296,990

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.*** For the year ended June 30, 2021, the District recognized OPEB expense of \$1,325,449. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the OPEB from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 397,674	\$ -
Changes of assumptions or other inputs	24,757	(391,830)
Net difference between projected and actual earnings on OPEB plan investments	175,943	-
District contributions subsequent to the measurement date	510,385	-
Total	\$ 1,108,759	\$ (391,830)



**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**10. Post-Employment Benefits Other Than Pensions – Health Plan (Continued)**

\$510,385 reported as deferred outflows related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year Ended June 30:	
2022	\$ 74,111
2023	54,858
2024	33,192
2025	20,442
2026	1,665
Thereafter	<u>22,276</u>
	<u><u>\$ 206,544</u></u>

**11. Fund Balances**

***Fund Balances***

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

<b>Fund balances:</b>	General Fund	Debt Service Fund	Special Revenue Funds	Capital Projects Funds	Total
<b><u>Nonspendable:</u></b>					
Inventory	\$ -	\$ -	\$ 50,233	\$ -	\$ 50,233
Prepays	266,189	-	-	1,483,532	1,749,721
Total Nonspendable	266,189	-	50,233	1,483,532	1,799,954
<b><u>Restricted for:</u></b>					
Self Insurance	236,781	-	-	-	236,781
Common School Fund	37,048	-	-	-	37,048
Debt Service Retirement	-	2,854,916	-	-	2,854,916
Capital Projects	-	-	-	47,570,010	47,570,010
Community Services	-	-	8,616	-	8,616
Special Revenue Trust	-	-	771,344	-	771,344
Total Restricted	273,829	2,854,916	779,960	47,570,010	51,478,715
<b><u>Assigned for:</u></b>					
Programs	5,689,513	-	-	-	5,689,513
<b><u>Unassigned (Deficit):</u></b>					
	15,057,081	-	(50,233)	-	15,006,848
<b>Total Fund Balances</b>	<b>\$ 21,286,612</b>	<b>\$ 2,854,916</b>	<b>\$ 779,960</b>	<b>\$ 49,053,542</b>	<b>\$ 73,975,030</b>

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**12. Interfund Balances and Activity**

*Due to / Due from Other Funds*

Interfund receivable and payable balances in the fund financial statements on June 30, 2021 are as follows:

Due To	Amount	Due From	Purpose
Private Benefit Trust Fund	\$ 597,008	General Fund	OPEB contribution
Private Benefit Trust Fund	6,402	Food Service	OPEB contribution
Private Benefit Trust Fund	798	Community Service	OPEB contribution
Capital Improvement Trust Fund	550,000	General Fund	Capital improvement projects
General Fund	157,568	Food Service	Cash shortfall
General Fund	3,923	Community Service	Cash shortfall
General Fund	1,661	Package Cooperative	Cash shortfall
Total-Fund Financial Statements	1,317,360		
Less: Fund Eliminations	(713,152)		
Total District-Wide Statement of Net Position	<u>\$ 604,208</u>		

All balances are expected to be paid within one year.

*Transfers*

The District had the following interfund transfers:

Purpose	Receivable Fund	Payable Fund	Amount
Capital Improvement Project	Capital Improvement Trust	General Fund	\$ 650,000
Operating Transfer	Food Service	General Fund	223,625
Operating Transfer	Package Cooperative	General Fund	2,441
			<u>\$ 876,066</u>

**13. Self-Funded Insurance Program**

On September 1, 2016, the District established a self-funded dental benefit plan for its employees. The plan administrator, Delta Dental of Wisconsin, is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District. The District has no stop-loss coverage for dental care coverage of the Plan.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**13. Self-Funded Insurance Program (Continued)**

At June 30, 2021, the District has reported a liability of \$32,877, which represents reported and unreported claims which were incurred on or before June 30, 2021, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator (\$0), claims reported to the Plan administrator but not the District (\$16,438) and claims which were not yet reported to either the Plan administrator or the District (\$16,439). The amounts not reported to the District were determined by the Plan administrator.

Change in the claims liability for the year ended June 30, 2021 is as follows:

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
Estimated claims outstanding July 1	\$ 29,373	\$ 28,758	\$ 21,814
Current year claims and changes in estimates	388,267	376,993	417,214
Claim payments	384,763	376,378	410,270
Estimated claims outstanding June 30	<u>\$ 32,877</u>	<u>\$ 29,373</u>	<u>\$ 28,758</u>

**14. Limitation of School District Revenues**

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

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

**15. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; worker's compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

**16. Contingencies**

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

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**16. Contingencies (Continued)**

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

**17. Construction Commitments**

On April 2, 2019, the District passed a referendum in the amount of \$125,000,000 for the purpose of paying the cost of school building and improvement projects consisting of construction of a new intermediate school and maintenance building; renovation of Yahara Elementary School, DeForest Area Middle School; renovation and expansion of DeForest Area High School; site improvements, and acquisition of furniture, fixtures and equipment.

As of June 30, 2021, the District's facilities were undergoing remodeling and upgrades. The District has the following contract commitments related to construction projects:

	Total Contract	Expenditures through June 30, 2021	Remaining Commitment
Middle School Roof Project	\$ 2,027,357	\$ 1,736,037	\$ 291,320
Design and Construction Administration Services:			
New Intermediate School	2,607,046	2,559,224	47,822
High School Addition and Renovation	2,830,314	2,633,361	196,953
Yahara Elementary School Renovation	395,104	334,860	60,244
Middle School Addition and Renovation	652,605	519,782	132,823
Construction Services:			
High School Addition and Renovation	49,058,319	29,383,006	19,675,313
Middle School Addition and Renovation	9,392,063	2,506,974	6,885,089
Yahara Elementary Addition and Renovation	5,845,520	843,226	5,002,294
New Intermediate School	46,296,894	41,769,152	4,527,742
Facility Building Addition and Renovation	1,731,879	1,388,992	342,887
	\$ 120,837,101	\$ 83,674,614	\$ 37,162,487

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

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**18. Subsequent Events**

In July 2021, the District approved the acquisition of solar panels from a contractor for Harvest Intermediate School in the amount of \$552,000, and for DeForest High School in the amount of \$217,000.

**19. Effect of New Accounting Standards on Current Period Financial Statements**

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021, and GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. When these become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources	\$ 22,115,404	\$ 22,115,404	\$ 22,147,051	\$ 31,647
Interdistrict Sources	1,082,352	1,082,352	1,046,063	(36,289)
State Sources	22,123,352	22,273,352	22,337,141	63,789
Federal Sources	572,553	572,553	569,248	(3,305)
Other Sources	74,345	74,345	135,284	60,939
Total Revenues	45,968,006	46,118,006	46,234,787	116,781
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular Instruction	17,023,033	17,139,229	17,179,219	(39,990)
Vocational Instruction	1,306,597	1,281,579	1,247,083	34,496
Special Instruction	155,622	160,592	165,163	(4,571)
Other Instruction	1,876,743	1,767,742	1,732,584	35,158
Support Service:				
Pupil Services	1,489,471	1,530,347	1,510,544	19,803
Instructional Staff Services	3,731,861	3,621,230	3,525,422	95,808
General Administration Services	1,003,064	1,036,913	969,311	67,602
Building Administration Services	2,238,573	2,234,562	2,214,204	20,358
Business Administration	540,795	541,653	507,114	34,539
Operation and Maintenance	5,018,231	4,531,009	4,553,426	(22,417)
Pupil Transportation	1,419,022	1,406,261	1,327,749	78,512
Central Services	2,221,610	2,095,940	1,933,066	162,874
Insurance	311,625	311,625	404,152	(92,527)
Other Support Services	450,000	868,800	580,450	288,350
Non-program Services	1,779,805	1,780,943	1,781,514	(571)
Capital Outlay	124,314	531,026	486,869	44,157
Debt Service	233,000	233,000	237,575	(4,575)
Total Expenditures	40,923,366	41,072,451	40,355,445	717,006
Excess (Deficiency) of Revenues Over Expenditures	5,044,640	5,045,555	5,879,342	833,787
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds	-	178,800	178,800	-
Transfers Out	(5,663,304)	(5,715,125)	(5,782,112)	(66,987)
Total Other Financing Sources and Uses	(5,663,304)	(5,536,325)	(5,603,312)	(66,987)
Net Change in Fund Balance	(618,664)	(490,770)	276,030	766,800
Fund Balance - Beginning	21,010,582	21,010,582	21,010,582	-
Fund Balance - Ending	\$ 20,391,918	\$ 20,519,812	\$ 21,286,612	\$ 766,800

See accompanying notes to the required supplementary information

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL EDUCATION FUND  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intermediate Sources	\$ -	\$ 12,005	\$ 16,019	\$ 4,014
State Sources	1,668,834	1,896,281	2,027,401	131,120
Federal Sources	776,587	749,392	611,473	(137,919)
Other Sources	-	2,775	2,775	-
Total Revenues	<u>2,445,421</u>	<u>2,660,453</u>	<u>2,657,668</u>	<u>(2,785)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Special Instruction	5,834,135	5,700,048	5,655,803	44,245
Support Service:				
Pupil Services	1,121,791	1,133,967	1,102,587	31,380
Instructional Staff Services	328,161	330,810	282,818	47,992
Pupil Transportation	304,638	306,658	288,159	18,499
Central Services	5,500	5,500	1,441	4,059
Non-program Services	409,000	435,100	232,906	202,194
Total Expenditures	<u>8,003,225</u>	<u>7,912,083</u>	<u>7,563,714</u>	<u>348,369</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,557,804)</u>	<u>(5,251,630)</u>	<u>(4,906,046)</u>	<u>345,584</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,557,804	5,251,630	4,906,046	(345,584)
Total Other Financing Sources and Uses	<u>5,557,804</u>	<u>5,251,630</u>	<u>4,906,046</u>	<u>(345,584)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information



**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**RECONCILIATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS  
AND GAAP REVENUES AND EXPENDITURES  
For the Year Ended June 30, 2021**

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 46,234,787	\$ 2,657,668
Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>2,657,668</u>	<u>(2,657,668)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u><u>\$ 48,892,455</u></u>	<u><u>\$ -</u></u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 40,355,445	\$ 7,563,714
Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>7,563,714</u>	<u>(7,563,714)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u><u>\$ 47,919,159</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the required supplementary information

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**DISTRICT NET OPEB LIABILITY SCHEDULES - HEALTH PLAN  
For the Year Ended June 30, 2021**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB Liability</b>					
Service costs	\$ 182,756	\$ 171,103	\$ 206,558	\$ 220,646	\$ 220,646
Interest	101,546	112,359	112,808	108,025	118,053
Changes in benefit terms	906,433	-	-	-	-
Difference between expected and actual experience	29,477	-	509,646	-	-
Changes in assumptions or other inputs	2,712	27,219	(473,815)	(74,229)	-
Benefit payments	<u>(350,720)</u>	<u>(472,117)</u>	<u>(656,565)</u>	<u>(593,686)</u>	<u>(752,293)</u>
Net change in total OPEB	\$ 872,204	\$ (161,436)	\$ (301,368)	\$ (339,244)	\$ (413,594)
Total OPEB Liability-Beginning	<u>2,985,298</u>	<u>3,146,734</u>	<u>3,448,102</u>	<u>3,787,346</u>	<u>4,200,940</u>
Total OPEB Liability-Ending (a)	<u>\$ 3,857,502</u>	<u>\$ 2,985,298</u>	<u>\$ 3,146,734</u>	<u>\$ 3,448,102</u>	<u>\$ 3,787,346</u>
<b>Fiduciary Net Position</b>					
Contributions - employer	\$ 360,400	\$ 422,813	\$ 537,618	\$ 1,102,750	\$ 682,946
Net investment income	37,484	74,944	32,299	10,092	11,566
Benefit payments	(350,720)	(472,117)	(656,565)	(593,686)	(752,293)
Administrative expense	-	-	-	-	-
Adjustment	<u>(192,026)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fiduciary net position	\$ (144,862)	\$ 25,640	\$ (86,648)	\$ 519,156	\$ (57,781)
Fiduciary Net Position-Beginning	<u>3,748,672</u>	<u>3,723,032</u>	<u>3,809,680</u>	<u>3,290,524</u>	<u>3,348,305</u>
Fiduciary Net Position-Ending (b)	<u>\$ 3,603,810</u>	<u>\$ 3,748,672</u>	<u>\$ 3,723,032</u>	<u>\$ 3,809,680</u>	<u>\$ 3,290,524</u>
<b>Net OPEB Liability</b>					
Net OPEB Liability (Asset)- ending (a) - (b)	<u>\$ 253,692</u>	<u>\$ (763,374)</u>	<u>\$ (576,298)</u>	<u>\$ (361,578)</u>	<u>\$ 496,822</u>
<b>Fiduciary net position as a percentage of the Total OPEB Liability</b>	93.42%	125.57%	118.31%	110.49%	86.88%
<b>Covered Employee Payroll</b>	\$ 25,022,459	\$ 21,714,025	\$ 21,714,025	\$ 15,874,637	\$ 15,874,637
<b>Net OPEB Liability as a percentage of covered-employee payroll</b>	1.01%	-3.52%	-2.65%	-2.28%	3.13%

Data presented as of the measurement date.

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**DISTRICT NET OPEB LIABILITY SCHEDULES - HEALTH PLAN  
For the Year Ended June 30, 2021**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution (ADC)	\$ 334,695	\$ 145,196	\$ 145,196	\$ 486,910	\$ 486,910
Contributions in Relation to the ADC	484,695	360,400	422,813	537,618	1,102,750
Contribution Deficiency/(Excess)	<u>\$ (150,000)</u>	<u>\$ (215,204)</u>	<u>\$ (277,617)</u>	<u>\$ (50,708)</u>	<u>\$ (615,840)</u>
<b>Covered Employee Payroll</b>	<b>\$ 24,850,274</b>	<b>\$ 25,022,459</b>	<b>\$ 21,714,025</b>	<b>\$ 21,714,025</b>	<b>\$ 15,874,637</b>
<b>Contributions as a Percentage of Covered- Employee Payroll</b>	<b>1.95%</b>	<b>1.44%</b>	<b>1.95%</b>	<b>2.48%</b>	<b>6.95%</b>

See accompanying notes to the required supplementary information

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**LOCAL RETIREE LIFE INSURANCE FUND SCHEDULE  
June 30, 2021**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
AS OF THE MEASUREMENT DATE  
Last 10 Years\***

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered-employee payroll	Collective net OPEB liability (asset) as a percentage of the District's covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2020	0.44357400%	\$ 2,439,977	\$ 23,962,000	10.18%	31.36%
2019	0.42051800%	1,790,648	23,051,000	7.77%	37.58%
2018	0.41834200%	1,079,464	21,746,000	4.96%	48.69%
2017	0.42108100%	1,266,856	17,707,661	7.15%	44.81%

\*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**WISCONSIN RETIREMENT SYSTEM SCHEDULES  
June 30, 2021**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
AS OF THE MEASUREMENT DATE  
Last 10 Years\***

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of the District's covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2020	(0.14934797%)	\$ (9,324,000)	\$ 25,486,595	(36.58%)	(105.26%)
2019	(0.14752040%)	(4,756,731)	23,797,589	(19.99%)	(102.96%)
2018	0.14539570%	5,172,723	22,371,813	23.12%	96.45%
2017	(0.14320191%)	(4,251,834)	21,783,876	(19.52%)	(102.93%)
2016	0.14070700%	1,159,762	20,569,841	5.64%	99.12%
2015	0.14005602%	2,275,883	19,729,870	11.54%	98.20%
2014	(0.14141936%)	(3,472,691)	19,620,368	(17.70%)	(102.74%)

\* The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
FOR THE YEAR ENDED  
Last 10 Fiscal Years\*\***

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2021	\$ 1,759,511	\$ (1,759,511)	\$ -	\$ 26,066,878	6.75%
2020	1,684,975	(1,684,975)	-	25,249,850	6.67%
2019	1,515,483	(1,515,483)	-	22,934,875	6.61%
2018	1,490,158	(1,490,158)	-	22,113,210	6.74%
2017	1,431,910	(1,431,910)	-	21,295,250	6.72%
2016	1,353,424	(1,353,424)	-	20,270,397	6.68%
2015	1,350,898	(1,350,898)	-	19,639,708	6.88%

\*\*The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021**

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NOTE 1

BUDGET SCHEDULE

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the two-digit subfunction level for the general fund and at the one-digit function level for all other funds.

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- 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.
- 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.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as an assigned fund balance.

The District is legally required by the State of Wisconsin to maintain and budget separately for a Special Education Fund. The Special Education Fund is combined with the General Fund in the basic financial statements. Due to the perspective differences in budgeting, the required supplementary information reports the budgetary comparison information separately for the General Fund and the Special Education Fund.

Except as noted in the previous paragraph, annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental and special revenue funds.

Appropriations lapse at year-end unless authorized as a carryover by the School Board.

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following individual funds had functions that had an excess of actual expenditures over budget of \$5,000 or more for the year ended June 30, 2021.

Fund	Function	Amount
General Fund	Regular Instruction	\$ 39,990
General Fund	Operation and Maintenance	22,417
General Fund	Insurance	92,527

In each of the funds, the District had sufficient revenues, fund balance, other financial sources and/or expenditures less than the budget in other functions to support the amounts listed above. In total, General Fund expenditures were \$717,006 under budget and, in total, Special Education expenditures were \$348,369 under budget.

**DEFOREST AREA SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021**

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NOTE 3

DISTRICT NET OPEB LIABILITY SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 5 preceding years.

**Actuarial Assumptions.** Key methods and assumptions used to calculate actuarially determined contributions (ADC) were as follows:

Valuation Date	6/30/2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Amortization Method	30 year Level \$
Discount Rate	2.25%
Inflation	2.00%

**Changes of benefit terms.** The following benefit terms were changed:

- The District provides HSA contributions to Teachers hired prior to July 1, 1995, participating in the high deductible health plan.
- The District now provides a post-employment HRA benefit to Teachers hired on or after July 1, 1995.
- Previously, Teachers hired on or after July 1, 1995, were provided with a sick leave conversion benefit that may have been used towards continued coverage on the District's group medical plan. However, now this group of Teachers' ability to remain on the District's plan in retirement is limited to COBRA.

**Changes of assumptions.** Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. A discount rate of 2.25% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 2.25%).

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 3 preceding years.

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

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

NOTE 5

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Statements Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 6 preceding years.

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

**Changes of assumptions.** The *Single Discount Rate* assumption used to develop Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section in Note 9 to the financial statements for additional details.

OTHER SUPPLEMENTARY INFORMATION



**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

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

	<u>Special Revenue Funds</u>				<u>Nonmajor Special Revenue Funds</u>	<u>Capital Project Fund</u>		<u>Total Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Funds</u>
	<u>Special Revenue Trust</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Package Cooperative</u>		<u>Capital Expansion Fund</u>	<u>Capital Improvement Trust</u>		
<b>ASSETS</b>									
Cash and Investments	\$ 767,338	\$ -	\$ -	\$ -	\$ 767,338	\$ -	\$ -	\$ -	\$ 767,338
Restricted Cash and Investments	-	-	-	-	-	2,647,974	5,953,799	8,601,773	8,601,773
Receivables:									
Accounts	6,469	13,590	13,337	1	33,397	-	-	-	33,397
Due from Other Funds	-	-	-	-	-	-	550,000	550,000	550,000
Due from Other Governments	-	200,006	-	16,097	216,103	-	-	-	216,103
Inventory	-	50,233	-	-	50,233	-	-	-	50,233
<b>TOTAL ASSETS</b>	<u>\$ 773,807</u>	<u>\$ 263,829</u>	<u>\$ 13,337</u>	<u>\$ 16,098</u>	<u>\$ 1,067,071</u>	<u>\$ 2,647,974</u>	<u>\$ 6,503,799</u>	<u>\$ 9,151,773</u>	<u>\$ 10,218,844</u>
<b>LIABILITIES</b>									
Accounts Payable	\$ 2,463	\$ 112	\$ -	\$ -	\$ 2,575	\$ 109,856	\$ -	\$ 109,856	\$ 112,431
Accrued Salaries and Wages	-	118	-	35	153	-	-	-	153
Payroll Taxes and Withholdings	-	17	-	3	20	-	-	-	20
Due to Fiduciary Funds	-	6,402	798	-	7,200	-	-	-	7,200
Due to Other Funds	-	157,568	3,923	1,661	163,152	-	-	-	163,152
Due to Other Governments	-	-	-	14,399	14,399	-	-	-	14,399
Food Service Deposits	-	99,612	-	-	99,612	-	-	-	99,612
<b>Total Liabilities</b>	<u>2,463</u>	<u>263,829</u>	<u>4,721</u>	<u>16,098</u>	<u>287,111</u>	<u>109,856</u>	<u>-</u>	<u>109,856</u>	<u>396,967</u>
<b>FUND BALANCES</b>									
Nonspendable	-	50,233	-	-	50,233	-	-	-	50,233
Restricted	771,344	-	8,616	-	779,960	2,538,118	6,503,799	9,041,917	9,821,877
Unassigned (Deficit)	-	(50,233)	-	-	(50,233)	-	-	-	(50,233)
<b>Total Fund Balances</b>	<u>771,344</u>	<u>-</u>	<u>8,616</u>	<u>-</u>	<u>779,960</u>	<u>2,538,118</u>	<u>6,503,799</u>	<u>9,041,917</u>	<u>9,821,877</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 773,807</u>	<u>\$ 263,829</u>	<u>\$ 13,337</u>	<u>\$ 16,098</u>	<u>\$ 1,067,071</u>	<u>\$ 2,647,974</u>	<u>\$ 6,503,799</u>	<u>\$ 9,151,773</u>	<u>\$ 10,218,844</u>

**DEFOREST AREA SCHOOL DISTRICT  
DEFOREST, WISCONSIN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021**

	Special Revenue Funds				Total Nonmajor Special Revenue Funds	Capital Project Fund		Total Nonmajor Capital Project Funds	Total Nonmajor Funds
	Special Revenue Trust	Food Service	Community Service	Package Cooperative		Capital Expansion Fund	Capital Improvement Trust		
<b>REVENUES</b>									
Property Taxes	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 2,050,000
Other Local Sources	339,520	17,482	11,420	14,051	382,473	4,788	26,099	30,887	413,360
State Sources	-	22,796	-	-	22,796	-	-	-	22,796
Federal Sources	-	976,352	-	16,097	992,449	-	-	-	992,449
Other Sources	-	4,285	486	-	4,771	-	-	-	4,771
	<u>339,520</u>	<u>1,020,915</u>	<u>61,906</u>	<u>30,148</u>	<u>1,452,489</u>	<u>2,004,788</u>	<u>26,099</u>	<u>2,030,887</u>	<u>3,483,376</u>
<b>Total Revenue</b>									
<b>EXPENDITURES</b>									
Current:									
Instruction:									
Regular Instruction	25,171	-	-	-	25,171	-	-	-	25,171
Vocational Instruction	-	-	-	14,399	14,399	-	-	-	14,399
Other Instruction	219,352	-	-	16,492	235,844	-	-	-	235,844
Total Instruction	<u>244,523</u>	<u>-</u>	<u>-</u>	<u>30,891</u>	<u>275,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,414</u>
Support Services:									
Instructional Staff Services	-	-	-	1,698	1,698	-	-	-	1,698
General Administration Services	996	-	-	-	996	-	-	-	996
Building Administration Services	7,199	-	-	-	7,199	-	-	-	7,199
Business Administration	1,286	-	-	-	1,286	-	-	-	1,286
Operation and Maintenance	-	20,241	-	-	20,241	1,450	-	1,450	21,691
Food Services	-	1,232,683	-	-	1,232,683	-	-	-	1,232,683
Community Services	-	-	81,264	-	81,264	-	-	-	81,264
Total Support Services	<u>9,481</u>	<u>1,252,924</u>	<u>81,264</u>	<u>1,698</u>	<u>1,345,367</u>	<u>1,450</u>	<u>-</u>	<u>1,450</u>	<u>1,346,817</u>
Non-program Services	20,750	-	-	-	20,750	-	-	-	20,750
Capital Outlay	94,000	-	-	-	94,000	1,822,400	-	1,822,400	1,916,400
Total Expenditures	<u>368,754</u>	<u>1,252,924</u>	<u>81,264</u>	<u>32,589</u>	<u>1,735,531</u>	<u>1,823,850</u>	<u>-</u>	<u>1,823,850</u>	<u>3,559,381</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(29,234)</u>	<u>(232,009)</u>	<u>(19,358)</u>	<u>(2,441)</u>	<u>(283,042)</u>	<u>180,938</u>	<u>26,099</u>	<u>207,037</u>	<u>(76,005)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfer In	-	223,625	-	2,441	226,066	-	650,000	650,000	876,066
Total Other Financing Sources (Uses)	<u>-</u>	<u>223,625</u>	<u>-</u>	<u>2,441</u>	<u>226,066</u>	<u>-</u>	<u>650,000</u>	<u>650,000</u>	<u>876,066</u>
Net Change in Fund Balances	<u>(29,234)</u>	<u>(8,384)</u>	<u>(19,358)</u>	<u>-</u>	<u>(56,976)</u>	<u>180,938</u>	<u>676,099</u>	<u>857,037</u>	<u>800,061</u>
FUND BALANCES - BEGINNING, as previously reported	284,742	8,384	27,974	-	321,100	2,357,180	5,827,700	8,184,880	8,505,980
Prior Period Adjustment - implementation of GASB Statement No. 84	515,836	-	-	-	515,836	-	-	-	515,836
<b>FUND BALANCES - BEGINNING, as restated</b>	<u>800,578</u>	<u>8,384</u>	<u>27,974</u>	<u>-</u>	<u>836,936</u>	<u>2,357,180</u>	<u>5,827,700</u>	<u>8,184,880</u>	<u>9,021,816</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 771,344</u>	<u>\$ -</u>	<u>\$ 8,616</u>	<u>\$ -</u>	<u>\$ 779,960</u>	<u>\$ 2,538,118</u>	<u>\$ 6,503,799</u>	<u>\$ 9,041,917</u>	<u>\$ 9,821,877</u>