

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
D.C. Everest Area School District
Schofield, 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 D.C. Everest 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 District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 D.C. Everest Area School District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the D.C. Everest Area School District's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of charter school authorizer operating costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of charter school authorizer operating costs, schedule of expenditures of federal awards, and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of the D.C. Everest 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering D.C. Everest Area School District's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in black ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Manitowoc, Wisconsin

November 1, 2021

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS



D.C. Everest Area School District

1699 Schofield Ave, Suite 300
Schofield, WI 54476
Phone 715-359-4221

Emily Seehafer
Director of Finance

MISSION STATEMENT

D.C. Everest Area School District, in partnership with the community, is committed to being an innovative educational leader in developing knowledgeable, productive, caring, creative, responsible individuals prepared to meet the challenges of an ever-changing global society.

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2021

The following discussion and analysis is of the D.C. Everest Area School District's annual financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the District's financial statements immediately following this section.

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between this reported fiscal year and the prior fiscal year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- Total governmental general revenues based off the Statement of Activities were \$94,965,886 to include \$27,543,229 of property and other taxes and \$53,010,714 of general state and federal aid. Total governmental activities expenditures were \$84,419,049 including \$47,988,633 for direct instruction.
- The District's financial status, per the Statement of Net Position, increased by \$10,546,837.

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 supplemental 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. They also 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 are shown in the following table.

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds)	Activities of the District for instruction, the support of instruction, special projects and revenue, debt service, food service, community education, and capital projects as needed.	Assets held by the District on behalf of someone else.
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenue, Expenditure and Change in Fund Balance	Statement of Fiduciary Net Assets Statement of Change in Fiduciary Net Assets
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	Generally, consumable assets and liabilities coming due during the year or soon thereafter, no capital assets included.	All assets and liabilities. 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	Revenue 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 during the year or soon thereafter.	All additions and/or deductions during the year, regardless of when cash is received or paid.

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 liabilities 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, is one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating respectively. To assess the overall financial condition of the District, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities, should be considered.

In the district-wide financial statements, the District's activities are reported as 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, food service, community programs and administration. Property taxes and state school aid, finance most of these 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 can readily be converted to cash flow in and out; (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 help 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 OPEB employee benefit trust fund and private purpose trust fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes, and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS

The District as a Whole

Table 1 provides a summary of the District's net position for year ending June 30, 2021 compared with the prior year. The District's total assets and deferred outflows of resources were \$212,251,636. The District's total liabilities and deferred inflows of resources were \$149,106,536. The District's net position was \$63,145,100. The District's combined net position increased by \$10,546,837.

Table 1
D.C. Everest Area School District
Statement of Net Position

	Governmental Activities	
	As of	As of
	June 30, 2020	June 30, 2021
Current and other assets	\$ 72,819,054	\$ 59,048,118
Capital assets	103,019,906	126,367,731
Deferred outflow of resources	<u>19,312,014</u>	<u>26,835,787</u>
Total Assets	195,150,974	212,251,636
Current liabilities	18,571,410	16,693,356
Long-term liabilities	98,571,720	97,020,479
Deferred inflow of resources	<u>25,409,581</u>	<u>35,392,701</u>
Total Liabilities	142,552,711	149,106,536
Net assets		
Investment in capital assets, net of related debt	14,529,279	38,374,785
Restricted	50,532,060	36,856,234
Unrestricted	<u>(12,463,076)</u>	<u>(12,085,919)</u>
Total Net Assets	<u>\$ 52,598,263</u>	<u>\$ 63,145,100</u>
Increase (Decrease)		\$ 10,546,837

Table 2 provides summarized operating results and their impact on net position. The District relies primarily on state and federal aids 56% and property taxes 29% of total revenues to fund governmental activities. These two funding sources make up 85% of the total revenues. All other revenues accounted for 15% of total revenue for the year.

The District's total revenues were \$94,965,886 for the year ending June 30, 2021.

The total cost of all programs and services was \$84,419,049. The district experienced an increase in net position of \$10,546,837. The District's expenses are predominantly related to educating and caring for students. Those costs not directly related to instruction are incurred in support of the instructional mission.

Table 2
D.C. Everest Area School District
Statement of Activities

	Governmental Activities	
	As of	As of
	June 30, 2020	June 30, 2021
Revenues:		
Program revenues		
Charges for services	\$ 2,128,763	\$ 960,089
Grants and contributions	5,824,006	7,471,517
General revenues		
Property taxes	27,071,881	27,543,229
State aid - formula grants	47,753,959	53,010,714
Other	6,299,449	5,980,337
Total Revenues	<u>89,078,058</u>	<u>94,965,886</u>
Expenses:		
Instruction	44,619,144	47,988,633
Pupil and instructional services	8,491,709	7,804,533
Administration and business	21,173,107	18,821,108
Interest and other	2,980,757	3,340,731
Other expenses	6,607,776	6,464,044
Total Expenses	<u>83,872,493</u>	<u>84,419,049</u>
Change in net assets	<u>\$ 5,205,565</u>	<u>\$ 10,546,837</u>

Net Cost of Governmental Activities.

Table 3 presents the cost of the major district activities. The table reports each activities 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.

The net cost of all governmental activities this year was \$75,987,443.

Table 3
D.C. Everest Area School District
Net Cost of Governmental Activities

	Net Cost of Services 2020	Net Cost of Services 2021
Expenses		
Instruction	\$ 40,636,667	\$ 43,663,047
Pupil and instructional services	8,202,263	7,544,653
Administration and business	18,544,783	15,679,674
Interest on debt	2,980,757	3,340,731
Other	5,555,254	5,759,338
Total	\$ 75,919,724	\$ 75,987,443

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into three categories:

1. Implementing budgets for specially funded projects, which include both federal and state grants.
2. Increasing appropriations for significant unbudgeted costs.
3. Reallocating the budget between functional lines.

The District prepares and reviews an interim budget in spring for the subsequent year. Consistent with current state statutes and regulations, an original budget is adopted in October following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified.

The District's General Fund for 2020-21 showed an equity increase by \$1,155,006 resulting in a fund balance of \$11,337,982, 13.9% of revenues.

- Actual General Fund revenues and other financing sources (including fund 27) were \$85,450,713.
- Actual General Fund expenditures and other financing uses (including fund 27) were \$84,295,707.

The District's Total Governmental Fund for 2020-21 showed an equity decrease by \$19,684,456 resulting in a fund balance of \$32,752,019.

- Actual Governmental Fund revenues and other financing sources were \$103,553,230.
- Actual Governmental Fund expenditures and other financing uses were \$123,237,686.

The change to the total governmental fund balance was due the following:

Table 4
D.C. Everest Area School District
Changes in Governmental Fund Balance

Fund	Fund Name	Increase (Decrease) in Fund Balance	
10/27	General Fund	\$	1,155,006
21	Special Revenue Fund		(65,806)
38	Non-Referendum Debt Service Fund		(16,777)
39	Referendum Debt Service Fund		(270,653)
46	Capital Improvement Trust Fund		3,652,744
49	Other Capital Projects Fund		(24,355,904)
50	Food Service Fund		372,324
80	Community Service Fund		(155,390)
Total		\$	(19,684,456)

Capital Assets

At the end of the fiscal year, the District had \$170 million in a broad range of capital assets, including land, sites & improvements, buildings, and equipment. Total accumulated depreciation on these assets was \$43.6 million.

- Asset acquisitions during this fiscal year for governmental activities totaled \$30,318,806.
- Asset deletions during this fiscal year for governmental activities totaled \$4,162,070.
- The District recognized depreciation expense of \$4,626,442 for Governmental Activities during this fiscal year.

Table 5
D.C. Everest Area School District
Capital Assets

	2020 Governmental Activities	2021 Governmental Activities
Land	\$ 821,265	\$ 835,973
Construction in progress	53,499,020	77,193,281
Sites and improvements	4,466,270	5,379,413
Buildings and improvements	70,725,294	71,404,935
Equipment	14,275,106	15,130,089
Capital Assets	143,786,955	169,943,691
Accumulated depreciation	(40,767,049)	(43,575,960)
Assets less depreciation	\$ 103,019,906	\$ 126,367,731

Long-Term Debt

At year-end the District had \$87,810,000 in general obligation debt. Additional information about the District's long-term liabilities is presented in the financial statements.

- The District retired \$10,095,000 of outstanding general obligation bonds.
- The district currently has a Moody's Investors Service rating of Aa3.

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

Factors Bearing on the District's Future

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

- In the 2021-22 school year, the district has levied to its maximum. This will make future school budgets more challenging if State of Wisconsin continues to provide little or no funding increases.
- In the 2021-22 school year, total revenue limit student FTE increased by 49 compared to the prior school year. This will impact future revenue limit capacity. The District has been fortunate to experience relatively stable membership over the past several years.
- With the most recent third Friday Head Count, the district had 430 student Open Enrollment (OE) in and 331 OE out for a positive number of 99. Open enrollment in has continued to exceed open enrollment out which creates a positive funding source for the District.
- The district does not anticipate any significant labor negotiation issues, however is concerned with the tight labor pool and increased wage pressures.
- Key Benefits Concepts, LLC completed an actuarial study of our postretirement benefits in fiscal year 2019 and determined the post-retirement benefit liability as of 6/30/2020 to be \$7,912,535. The trust fund was funded at 58% with an actuarial value of assets of \$4,635,104 to offset this liability.
- The existence of COVID-19 continues to significantly impact how we provide education to our students. We anticipate this will create long-term school funding issues.

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 to demonstrate the District's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact Emily Seehafer, CPA, Director of Finance, by mail at 1699 Schofield Ave, Suite 300, Schofield, Wisconsin 54476, by phone at (715) 359-4221, ext. 1213, or by email at esehafer@dce.k12.wi.us

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

D.C. EVEREST AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and investments	\$ 33,417,842
Receivables	
Accounts	128,420
Taxes	7,071,832
Due from other governments	2,784,679
Prepaid expenses	215,638
Wisconsin Retirement System net pension	15,429,707
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	78,029,254
Capital assets being depreciated	<u>48,338,477</u>
TOTAL ASSETS	<u>185,415,849</u>
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	24,076,448
Wisconsin Retirement System LRLIF	1,677,472
OPEB healthcare	<u>1,081,867</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>26,835,787</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>212,251,636</u></u>
LIABILITIES	
Accounts payable	3,411,412
Self insurance claims payable	72,135
Accrued liabilities	
Payroll, payroll taxes, insurance	7,178,411
Interest	798,207
Due to external parties	8,716
Unearned revenue	195,718
Current portion of long-term obligations	5,028,757
Noncurrent portion of long-term obligations	<u>97,020,479</u>
TOTAL LIABILITIES	<u>113,713,835</u>
DEFERRED INFLOWS OF RESOURCES	
Revenue on refunding	20,195
Wisconsin Retirement System pension	33,786,486
Wisconsin Retirement System LRLIF	458,587
OPEB healthcare	<u>1,127,433</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>35,392,701</u>
NET POSITION	
Net investment in capital assets	38,374,785
Restricted for	
Special revenue	2,047,002
Debt service	1,992,134
Capital projects	17,374,901
Other activities	15,442,197
Unrestricted	<u>(12,085,919)</u>
TOTAL NET POSITION	<u>63,145,100</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 212,251,636</u>

The accompanying notes are an integral part of these statements.

D.C. EVEREST AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 34,671,129	\$ 3,716	\$ 89,989	\$ (34,577,424)
Vocational instruction	1,906,838	10,399	25,582	(1,870,857)
Special instruction	7,699,447	-	4,158,958	(3,540,489)
Other instruction	3,711,219	36,942	-	(3,674,277)
Total instruction	<u>47,988,633</u>	<u>51,057</u>	<u>4,274,529</u>	<u>(43,663,047)</u>
Support services				
Pupil services	3,925,654	-	-	(3,925,654)
Instructional staff services	3,878,879	-	259,880	(3,618,999)
General administration services	542,324	-	-	(542,324)
Building administration services	3,057,004	-	-	(3,057,004)
Business services	12,549,469	211,916	2,929,518	(9,408,035)
Central services	2,079,189	-	-	(2,079,189)
Insurance	593,122	-	-	(593,122)
Interest and other	3,340,731	-	-	(3,340,731)
Other support services	1,656,653	-	-	(1,656,653)
Community services	881,136	697,116	7,590	(176,430)
Total support services	<u>32,504,161</u>	<u>909,032</u>	<u>3,196,988</u>	<u>(28,398,141)</u>
Non-program transactions	3,926,255	-	-	(3,926,255)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 84,419,049</u>	<u>\$ 960,089</u>	<u>\$ 7,471,517</u>	<u>(75,987,443)</u>
General revenues				
Taxes				
Property taxes				
				27,476,773
Other taxes				
				66,456
State and federal aids not restricted to specific functions				
				53,010,714
Interest and investment earnings				
				189,329
Miscellaneous				
				5,791,008
Total general revenues				
				<u>86,534,280</u>
CHANGE IN NET POSITION				
				10,546,837
NET POSITION - BEGINNING OF YEAR				
				52,598,263
NET POSITION - END OF YEAR				
				<u>\$ 63,145,100</u>

The accompanying notes are an integral part of these statements.

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

D.C. EVEREST AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	10/27	39	49	21/38/46/50/80	
	GENERAL	DEBT SERVICE REFERENDUM FUND APPROVED	OTHER CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	FUND	FUND	FUND	FUND	FUND
ASSETS					
Cash and investments	\$ 13,427,551	\$ 1,533,984	\$ 12,134,872	\$ 6,321,435	\$ 33,417,842
Receivables					
Accounts	1,114	-	-	127,306	128,420
Taxes	7,071,832	-	-	-	7,071,832
Due from other funds	57,056	-	85,921	4,042,389	4,185,366
Due from other governments	2,667,862	-	-	116,817	2,784,679
Prepaid expenses	215,638	-	-	-	215,638
TOTAL ASSETS	<u>23,441,053</u>	<u>1,533,984</u>	<u>12,220,793</u>	<u>10,607,947</u>	<u>47,803,777</u>
LIABILITIES					
Accounts payable	878,038	-	2,441,756	91,618	3,411,412
Self insurance claims payable	72,135	-	-	-	72,135
Accrued payroll liabilities	7,101,793	-	-	76,618	7,178,411
Due to other funds	4,051,105	-	-	142,977	4,194,082
Unearned revenue	-	-	-	195,718	195,718
TOTAL LIABILITIES	<u>12,103,071</u>	<u>-</u>	<u>2,441,756</u>	<u>506,931</u>	<u>15,051,758</u>
FUND BALANCES					
Nonspendable	215,638	-	-	-	215,638
Restricted	12,490	1,533,984	9,779,037	10,101,016	21,426,527
Unassigned	11,109,854	-	-	-	11,109,854
TOTAL FUND BALANCES	<u>11,337,982</u>	<u>1,533,984</u>	<u>9,779,037</u>	<u>10,101,016</u>	<u>32,752,019</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,441,053</u>	<u>\$ 1,533,984</u>	<u>\$ 12,220,793</u>	<u>\$ 10,607,947</u>	

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

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

Governmental capital asset	\$ 169,943,691	
Governmental accumulated depreciation	<u>(43,575,960)</u>	126,367,731

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements:

6,938,554

Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements:

(45,566)

Long-term liabilities are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	\$ (87,810,000)	
Premium	(3,654,720)	
Capital leases	(3,324,931)	
Deferred revenue on refunding	(20,195)	
Accrued interest	(798,207)	
WRS liability	(3,942,131)	
Vested employee benefits	(40,023)	
Net OPEB obligation	<u>(3,277,431)</u>	(102,867,638)

Total net position - governmental activities **\$ 63,145,100**

The accompanying notes are an integral part of these statements.

D.C. EVEREST AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	10/27	39	49	21/38/46/50/80	
	GENERAL	DEBT SERVICE FUND REFERENDUM	OTHER CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
	FUND	APPROVED	FUND	FUNDS	FUNDS
REVENUES					
Property taxes	\$ 19,233,947	\$ 6,664,759	\$ -	\$ 1,644,523	\$ 27,543,229
Other local sources	197,415	6,296	163,169	1,430,661	1,797,541
Interdistrict sources	3,879,296	-	-	-	3,879,296
Intermediate sources	5,298	-	-	-	5,298
State sources	52,504,443	-	-	52,843	52,557,286
Federal sources	5,176,900	-	-	2,688,578	7,865,478
Other sources	439,793	-	-	43,759	483,552
TOTAL REVENUES	81,437,092	6,671,055	163,169	5,860,364	94,131,680
EXPENDITURES					
Current					
Instruction					
Regular instruction	33,053,786	-	-	436,207	33,489,993
Vocational instruction	2,057,739	-	-	-	2,057,739
Special instruction	8,259,797	-	-	-	8,259,797
Other instruction	3,808,006	-	-	121,209	3,929,215
Total instruction	47,179,328	-	-	557,416	47,736,744
Support services					
Pupil services	4,219,746	-	-	-	4,219,746
Instructional staff services	4,124,046	-	-	-	4,124,046
General administration services	568,061	-	-	-	568,061
Building administration services	3,267,213	-	-	-	3,267,213
Business services	9,796,136	-	24,519,073	3,100,808	37,416,017
Central services	897,679	-	-	76	897,755
Insurance	593,122	-	-	-	593,122
Other support services	1,725,069	-	-	-	1,725,069
Community services	-	-	-	867,036	867,036
Total support services	25,191,072	-	24,519,073	3,967,920	53,678,065
Non-program transactions	3,929,192	-	-	1,627	3,930,819
Debt service					
Principal	663,856	8,285,000	-	500,000	9,448,856
Interest	23,314	2,472,251	-	911,300	3,406,865
Other	2,138	80,792	-	-	82,930
Total debt service	689,308	10,838,043	-	1,411,300	12,938,651
Capital outlay	3,306,807	-	-	135,006	3,441,813
TOTAL EXPENDITURES	80,295,707	10,838,043	24,519,073	6,073,269	121,726,092
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,141,385	(4,166,988)	(24,355,904)	(212,905)	(27,594,412)
OTHER FINANCING (USES) SOURCES					
Net transfer (to) from other funds	(4,000,000)	-	-	4,000,000	-
Capital lease proceeds	3,179,415	-	-	-	3,179,415
Sale of capital assets	834,206	-	-	-	834,206
Issuance of long-term debt	-	5,195,000	-	-	5,195,000
Payment to debt escrow agent	-	(1,511,594)	-	-	(1,511,594)
Premium on refunding bonds issued	-	212,929	-	-	212,929
TOTAL OTHER FINANCING (USES) SOURCES	13,621	3,896,335	-	4,000,000	7,909,956
NET CHANGE IN FUND BALANCE	1,155,006	(270,653)	(24,355,904)	3,787,095	(19,684,456)
FUND BALANCE - BEGINNING OF YEAR	10,182,976	1,804,637	34,134,941	6,313,921	52,436,475
FUND BALANCE - END OF YEAR	\$ 11,337,982	\$ 1,533,984	\$ 9,779,037	\$ 10,101,016	\$ 32,752,019

The accompanying notes are an integral part of these statements.

D.C. EVEREST AREA SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds \$ (19,684,456)

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.

Capital outlay reported in fund statements	\$ 3,441,813	
Capital outlay reported as other expenses in fund statements	26,876,993	
Depreciation expense reported in the statement of activities	(4,626,442)	
Net book value of capital assets disposed	<u>(2,344,539)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		23,347,825

The amount of the loan and lease is reported in the governmental funds as a source of financing. In the statement of net position however, loans and capital leases are not reported as a financing source, but rather constitute a long-term liability. The amount of loans and capital leases reported in the governmental funds statement is: (8,374,415)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

This year the accrual of these benefits decreased by: 125,500

Wisconsin Retirement System pension asset, deferred outflows of resources, liability, and deferred inflows of resources changes: 4,472,450

Wisconsin Retirement System LRLIF asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (489,069)

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: 252,417

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.

Amount of long-term debt principal payments in the current year is: 10,758,856

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

Amount of interest and other debt costs paid during the current period is	\$ 3,478,460	
Amount of interest and other debt costs accrued during the current period is	<u>(3,340,731)</u>	
Interest paid is greater than interest accrued by:		<u>137,729</u>

Change in net position - governmental activities \$ 10,546,837

D.C. EVEREST AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	72	73
	PRIVATE PURPOSE TRUST FUND	PENSION (OTHER EMPLOYEE BENEFIT) TRUST FUND
	<u>SCHOLARSHIPS</u>	<u>EMPLOYEE BENEFIT</u>
ASSETS		
Cash	\$ 209,701	\$ -
Investments	-	4,441,072
Due from other funds	-	8,716
TOTAL ASSETS	<u>209,701</u>	<u>4,449,788</u>
NET POSITION		
Restricted for		
Postemployment benefits other than pensions	-	4,449,788
Individuals and organizations	209,701	-
TOTAL NET POSITION	<u>\$ 209,701</u>	<u>\$ 4,449,788</u>

The accompanying notes are an integral part of these statements.

D.C. EVEREST AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	72	73
	PRIVATE PURPOSE TRUST FUND	PENSION (OTHER EMPLOYEE BENEFIT) TRUST FUND
	<u>SCHOLARSHIPS</u>	<u>EMPLOYEE BENEFIT</u>
ADDITIONS		
Investment income	\$ 1,090	\$ 88,496
Contributions	<u>-</u>	<u>759,279</u>
TOTAL ADDITIONS	<u>1,090</u>	<u>847,775</u>
DEDUCTIONS		
Disbursements	<u>18,779</u>	<u>1,033,091</u>
TOTAL DEDUCTIONS	<u>18,779</u>	<u>1,033,091</u>
CHANGE IN NET POSITION	(17,689)	(185,316)
NET POSITION - BEGINNING OF YEAR	<u>227,390</u>	<u>4,635,104</u>
NET POSITION - END OF YEAR	<u>\$ 209,701</u>	<u>\$ 4,449,788</u>

The accompanying notes are an integral part of these statements.

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies

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

Reporting Entity - The D.C. Everest Area School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of twelve taxing districts.

The District's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District 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 impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis Of Presentation

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

Referendum Approved Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

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

The District has two fiduciary funds which account for scholarships and an employee benefit trust.

Measurement Focus and Basis of Accounting

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

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

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Cash and Investments - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

Investments are stated at fair value, if applicable, 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 municipal accounting funds is allocated based on average investment balances.

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installment real estate taxes are collected by municipal treasurers who then make proportional settlement with the District and county treasurer for those taxes collected on their behalf. Third installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and the District before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. 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 a final payment no later than the following July 31. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20 of each subsequent month thereafter. 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 estate property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. All property taxes are considered due on January 1, when an enforceable lien may be 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.

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

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Due To/From Other Funds - 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. The amounts reported on the statement of net position for receivable/payable from external parties represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Prepays - Prepaid items represent payments for goods or services for which benefits extend beyond June 30.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

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

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	20-70 years
Land improvements	\$5,000	Straight-line	20 years
Furniture and equipment	\$5,000	Straight-line	5-20 years

Debt Premiums and Discounts - In the government-wide financial statements, debt premiums and discounts are amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - The District's policy permits employees to accumulate earned, but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Accumulated sick leave lapses upon separation from government service therefore no monetary obligation exists.

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 position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) - 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 employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has three items that qualify for reporting in this category. They are the Wisconsin Retirement System pension, Wisconsin Retirement System local retiree life insurance fund (LRLIF), and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has four items that qualify for reporting in this category. They are revenue on refunding, Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare. Revenue on refunding arises under the accrual basis of accounting. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles 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.

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classification - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the assistant superintendent to assign fund balances through its Fund Balance policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against committed fund balance, then assigned fund balance and lastly to unassigned fund balance (GASB 54 default for not having a policy). The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government investment pool administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of June 30, 2021, the District had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Wisconsin Investment Series Cooperative	Less than one year	\$ 12,338,049
Certificates of deposit	Less than one year	1,511,314
Certificates of deposit	More than one year	<u>2,675,193</u>
Total		<u>\$ 16,524,556</u>

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2021, the Pool's fair value was 100 percent of book value.

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 2 - Cash and Investments - Continued

Determining Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements:

- 1) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations (level 2 inputs).
- 2) Wisconsin Investment Trust is determined based on published market quotations (level 1 inputs).

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District does not have an investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District does not have an investment policy that would further limit its investment choices. The State of Wisconsin Local Government Investment Pool and Wisconsin Investment Series Cooperative are not rated.

Custodial Credit Risk - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does not have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2021, none of the District's bank balance of \$39,400,049 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government or municipal securities held by the bank in the bank's name. None was uninsured and uncollateralized.

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 3 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 821,265	\$ 14,708	\$ -	\$ 835,973
Construction in progress	<u>53,499,020</u>	<u>23,694,261</u>	<u>-</u>	<u>77,193,281</u>
Total capital assets not being depreciated	<u>54,320,285</u>	<u>23,708,969</u>	<u>-</u>	<u>78,029,254</u>
Capital assets being depreciated:				
Land improvements	4,466,270	997,186	(84,043)	5,379,413
Buildings and improvements	70,725,294	1,178,492	(498,851)	71,404,935
Equipment	<u>14,275,106</u>	<u>4,434,159</u>	<u>(3,579,176)</u>	<u>15,130,089</u>
Total capital assets being depreciated	<u>89,466,670</u>	<u>6,609,837</u>	<u>(4,162,070)</u>	<u>91,914,437</u>
Less accumulated depreciation for:				
Land improvements	(2,922,816)	(196,006)	73,096	(3,045,726)
Buildings and improvements	(31,534,388)	(1,527,346)	217,153	(32,844,581)
Equipment	<u>(6,309,845)</u>	<u>(2,903,090)</u>	<u>1,527,282</u>	<u>(7,685,653)</u>
Total accumulated depreciation	<u>(40,767,049)</u>	<u>(4,626,442)</u>	<u>1,817,531</u>	<u>(43,575,960)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>48,699,621</u>	<u>1,983,395</u>	<u>(2,344,539)</u>	<u>48,338,477</u>
Capital assets, net of accumulated depreciation	<u>\$ 103,019,906</u>	<u>\$ 25,692,364</u>	<u>\$ (2,344,539)</u>	<u>\$ 126,367,731</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 26,548
Vocational instruction	43,481
Other instruction	42,070
Pupil services	2,679
Instructional staff services	3,279
General administration services	956
Building administration services	30,148
Business services	42,333
Operations and maintenance	3,149,550
Other support services	1,228,370
Community services	<u>57,028</u>
Total	<u>\$ 4,626,442</u>

The District does not capitalize interest on general fixed asset projects.

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 4 - Short-Term Notes Payable

Line of credit used for working capital is as follows:

<u>Type</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Line of Credit	\$ _____ -	\$ <u>7,500,000</u>	\$ <u>(7,500,000)</u>	\$ _____ -

The District had a promissory note agreement with Incredible Bank in the amount of \$7,500,000. The agreement had an interest rate of 2.25%. The ending balance as of June 30, 2021 is \$0.

NOTE 5 - Long-Term Obligations

Long-term obligations are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 92,710,000	\$ 5,195,000	\$ (10,095,000)	\$ 87,810,000	\$ 3,405,000
Leases - direct placement	809,372	3,179,415	(663,856)	3,324,931	588,985
Premium	3,768,782	212,929	(326,991)	3,654,720	258,652
Vested vacation pay	165,523	40,023	(165,523)	40,023	40,023
Wisconsin Retirement System					
LRLIF	3,039,023	903,108	-	3,942,131	-
OPEB healthcare	<u>3,335,223</u>	<u>1,798,886</u>	<u>(1,856,678)</u>	<u>3,277,431</u>	<u>736,097</u>
Total	<u>\$ 103,827,923</u>	<u>\$ 11,329,361</u>	<u>\$ (13,108,048)</u>	<u>\$ 102,049,236</u>	<u>\$ 5,028,757</u>

In prior years, the general and food service funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$3,257,801 and total interest paid during the year aggregated \$3,608,459 including \$3,167 for short-term borrowing, and \$20,147 for capital leases.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at June 30, 2021 is comprised of the following individual issues:

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Long-Term Obligations - Continued

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	12/29/17	3-5%	4/1/37	\$ 24,500,000
Refunding bonds	7/2/18	3.36%	4/1/38	58,115,000
Bonds	5/12/21	2%	4/1/25	<u>5,195,000</u>
Total				<u>\$ 87,810,000</u>

General Obligation Debt Limit Calculation - The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,833,059,732. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1) (b) of the Wisconsin Statutes follows:

Debt limit (10 percent of \$2,833,059,732)	\$ 283,305,973
Applicable long-term debt	(87,810,000)
Amount available in debt service fund	<u>1,992,134</u>
Margin of indebtedness	<u>\$ 197,488,107</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

<u>Year Ending June 30</u>	<u>Bonds</u>		<u>Leases - Direct Placement</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 3,405,000	\$ 3,203,254	\$ 588,985	\$ 10,264	\$ 7,207,503
2023	3,640,000	3,091,988	746,726	4,721	7,483,435
2024	3,930,000	2,960,838	697,606	256	7,588,700
2025	4,200,000	2,816,438	680,000	-	7,696,438
2026	4,465,000	2,646,638	611,614	-	7,723,252
2027-2031	25,595,000	9,968,838	-	-	35,563,838
2032-2036	30,540,000	5,225,538	-	-	35,765,538
2037-2041	12,035,000	614,816	-	-	12,649,816
	<u>\$ 87,810,000</u>	<u>\$ 30,528,345</u>	<u>\$ 3,324,931</u>	<u>\$ 15,241</u>	<u>\$ 121,678,517</u>

Current Refunding - The District issued \$5,195,000 of refunding bonds for a current refunding of \$5,340,000 of outstanding 2012 refunding bonds. The transaction resulted in an economic gain of \$178,412 and a reduction of \$198,358 in future debt service payments.

Cash Defeasance - The District defeased \$1,310,000 of outstanding 2018 bonds by depositing \$1,511,595 with an escrow agent to reduce future debt service payments. The transaction resulted in an economic gain of \$605,693 and a reduction of \$2,117,288 in future debt service payments.

Defeased Debt - The District defeased general obligation debt by depositing money in an irrevocable trust account for future debt service payments of the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2021, there is \$1,310,000 of defeased debt remaining.

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System

General Information about the Pension Plan

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

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

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

Benefits Provided - Employees who retire at or after age 65 (54 for protective 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 age 55 (50 for protective occupations) and receive an actuarial-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System - Continued

Year	Core Fund Adjustment	Variable Fund Adjustment
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)
2020	1.7	21

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 \$2,834,513 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%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2021, the District reported a liability (asset) of (\$15,429,707) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.24714664%, which was a decrease of 0.00185129% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,666,015.

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,331,525	\$ 4,810,170
Net differences between projected and actual earnings on pension plan investments	-	28,968,019
Changes in assumptions	349,975	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,145	8,297
Employer contributions subsequent to the measurement date	1,353,803	-
Total	\$ 24,076,448	\$ 33,786,486

\$1,353,803 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ (2,847,944)
2023	(761,923)
2024	(5,237,968)
2025	(2,216,006)
Thereafter	-

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 Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System - Continued

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

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

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

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	.8
Inflation Sensitive Assets	16	2	(.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

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

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

Single Discount Rate - A single discount rate of 7% 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% and a municipal bond rate of 2% (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% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System - Continued

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 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 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease to Discount Rate 6%	Current Single Discount Rate Assumption 7%	1% Increase to Discount Rate 8%
District's proportionate share of the net pension liability (asset)	\$ 14,686,943	\$ (15,429,707)	\$ (37,550,163)

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

Payables to the Pension Plan - The District reported a payable of \$769,371 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

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

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>.

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

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

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

Contribution rates as of June 30, 2021 are:

Coverage Type	Employer Contribution
50% post retirement coverage	40% of employee contribution
25% post retirement coverage	20% of employee contribution

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

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$14,290 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEBs

At June 30, 2021, the District reported a liability (asset) of \$3,942,131 for its proportionate share of the net OPEB liability (asset). 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 0.716657%, which was an increase of .002969% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense (revenue) of \$503,361.

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

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	\$ -	\$ 188,104
Net differences between projected and actual earnings on OPEB plan investments	57,394	-
Changes in assumption	1,533,545	270,483
Changes in proportion and differences between employer contributions and proportionate share of contributions	86,533	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 1,677,472	\$ 458,587

Zero reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (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 Ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ 232,936
2023	226,730
2024	220,337
2025	198,589
Thereafter	340,293

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%
Seniority/Merit	.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

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

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

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

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	.82
Inflation			2.2
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 2.2% 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 employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is 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.

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - 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)	\$ 5,362,425	\$ 3,942,131	\$ 2,868,003

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

NOTE 8 - Interfund Balance and Activity

Interfund receivable and payable balances on June 30, 2021, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Community service	\$ 57,056
Long-term capital improvement trust	General	4,000,000
Community service	General	42,389
Employee benefit trust	General	8,716
Other capital project	Food service	85,921
		<u>\$ 4,194,082</u>

The above balance resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

Interfund transfers at June 30, 2021 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Long-term capital improvement trust	\$ 4,000,000

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other Than Pensions

Plan Description - The other post employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - Current benefits apply to administrators, teachers, and support staff who retired prior to 7/1/14. Administrators receive \$60,000 allocated monthly on a pro rata basis with no maximum payment. Teachers and support staff will receive equal monthly contributions for the maximum of 7 years, or the number of eligible months left before age 65, whichever is lesser. The monthly contributions cannot exceed the total cost of insurance. Also, those retired prior to 6/9/11 will receive an additional monthly contribution of \$2,800 for family (\$1,030 for single) divided over their eligible amount. The maximum has been set for \$60,000 for family (\$22,130 for single). Administrators will also receive a contribution to cover 100% of dental costs until the age 65.

Administrators, teachers, and at will salaried employees at least age 57 with 15 years of service in the District will receive \$60,000 deposited into a HRA account if they retire prior to age 65 and are salaried. If salaried administrators retire after the age 65, they will receive \$35,000 deposited into a HRA account.

Administration confidential, custodians, food service, at will hourly, and concession employees' benefits range depending on the length of service and if the retiree retired prior to 65 or subsequent to age 65. If the retiree retired prior to age 65, they will receive \$30,000 to \$50,000 deposited into a HRA account with the service length ranging from 25 years of service to 35 years. If the retiree retired after the age 65, they will receive \$15,000 to \$25,000 deposited into a HRA account with the service length ranging from 25 years of service to 35 years.

Employees Covered - As of the June 30, 2020 measurement date, the following employees were covered by the benefit terms. The plan is closed to new entrants, with the exception of administrators.

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>624</u>
Total	<u>636</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2021, contribution rates for Plan members were \$63 - \$330 per participant per month and \$1,932 - \$1,932 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$23,182 and the District contributed \$736,097 to the plan.

Actuarial Assumptions - The net OPEB healthcare liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Amortization Period:	20 years
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	2.5%
Discount Rate:	2.25%
Salary Increases:	3%
Mortality:	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
Medical Care Cost Trend:	7.5% decreasing by .5% per year down to 6.5%, then by .1% per year down to 5%, and level thereafter
Dental Care Cost Trend:	5%

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2020.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of plan investment expense and inflation) developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
Cash	2.0%	100%

Discount Rate - A discount rate of 2.5% was used to measure the total OPEB healthcare liability. This discount rate was based on the expected rate of return on plan investments of 2.5%. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability. The discount rate did incorporate a municipal bond rate.

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

Changes in the Net OPEB Healthcare Liability

	Increase (Decrease)		
	Total OPEB Healthcare Liability	Fiduciary Net Position	Net OPEB Healthcare Liability
	(a)	(b)	(a) - (b)
Beginning balance	\$ 8,133,782	\$ 4,798,559	\$ 3,335,223
Changes for the year:			
Service cost	500,913	-	500,913
Interest	197,208	-	197,208
Differences between expected and actual experience	-	-	-
Changes of assumptions or other input	72,469	-	72,469
Contributions - employer	-	729,245	(729,245)
Net investment income	-	99,137	(99,137)
Benefit payments	(991,837)	(991,837)	-
Net changes	(221,247)	(163,455)	(57,792)
Ending balance	<u>\$ 7,912,535</u>	<u>\$ 4,635,104</u>	<u>\$ 3,277,431</u>

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB healthcare liability calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5 percent for all years, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent decreasing to 4 percent for all years) or 1-percentage-point higher (8.5 percent decreasing to 6 percent for all years) than the current rate:

	1% Decrease to (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase to (8.5% decreasing to 6.0%)
Net OPEB healthcare liability	\$ 3,243,159	\$ 3,277,431	\$ 3,317,220

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the net OPEB healthcare liability calculated using the discount rate of 2.25 percent, as well as what the net OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Net OPEB healthcare liability	\$ 3,561,241	\$ 3,277,431	\$ 2,984,770

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

For the year ended June 30, 2021, the District recognized OPEB healthcare expense of \$630,417.

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

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 260,090	\$ 259,746
Changes in assumptions	66,430	867,687
Net differences between projected and actual earnings on pension plan investments	19,250	-
Employer contributions subsequent to the measurement date	736,097	-
Total	\$ 1,081,867	\$ 1,127,433

\$736,097 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare 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 healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows/Inflows of Resources
2022	\$ (76,084)
2023	(76,084)
2024	(76,084)
2025	(77,822)
Thereafter	\$ (475,589)

Payables to the OPEB Healthcare Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended June 30, 2021.

NOTE 10 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
General	Specific expenses	\$ 12,490
Food service	DPI regulation	\$ 1,494,216
Special revenue trust	Specific expenses	\$ 600,254
Non-referendum debt service	Principal and interest	\$ 458,150
Referendum debt service	Principal and interest	\$ 1,533,984
Long-term capital improvement trust	Specific expenses	\$ 7,595,864
Other capital projects	DPI regulation	\$ 9,779,037

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 10 - Fund Balance and Net Position - Continued

Governmental Activities

Restricted

Special revenue	DPI regulation	\$	2,047,002
Debt service	Principal and interest	\$	1,992,114
Capital projects	DPI regulation	\$	17,374,901
Other activities	Common school fund	\$	12,490
Other activities	Wisconsin Retirement System pension	\$	15,429,707

Deficits

The following fund had a deficit at June 30, 2021:

Community service	\$	47,468
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The deficit will be funded by future revenues.

The District has adopted a minimum fund balance policy with a goal of 15% of general fund expenditures to be maintained for working capital purposes.

NOTE 11 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance, except for self-insured dental benefits as described in Note 14. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 12 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #9 for services to be provided to the District in 2021-2022. Expected costs are \$89,306.

The District has a transportation agreement with estimated costs for the following school years:

2021-2022	\$	2,590,908
2022-2023		2,649,203
2023-2024		2,708,810
2024-2025		2,769,758
		<u>\$ 10,718,679</u>

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

D.C. EVEREST AREA SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 12 - Commitments and Contingencies - Continued

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

NOTE 13 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

NOTE 14 - Self-Funded Insurance

The District established a self-funded dental benefit plan for its employees. The Plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for an administrative fee. The Plan reports on a fiscal year ending June 30, 2021.

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 and other funds of the District.

The district has no stop-loss coverage for dental care coverage of the Plan.

The district has reported a liability of \$72,135, 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. Changes in the claims liability for the years ended June 30, 2021 and June 30, 2020 are as follows:

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Beginning liability balance	\$ 165,183	\$ 166,187
Claims and changes in estimates	741,244	885,925
Claim payments	<u>(834,292)</u>	<u>(886,929)</u>
Ending liability balance	<u>\$ 72,135</u>	<u>\$ 165,183</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the dental plan.

The District did not receive an actuarial certification for the self-insured dental plan related to the adequacy of reserves, rates, or financial soundness of the plan.

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 15 - Coronavirus (COVID-19)

The World health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of the District's operations including costs for emergency preparedness, virtual school, shortages of personnel, and potential delays in revenue collections.

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

D.C. EVEREST AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH
	GENERAL	SPECIAL	TOTAL	GENERAL	SPECIAL	TOTAL	GENERAL	SPECIAL	TOTAL	FINAL BUDGET POSITIVE (NEGATIVE)
		EDUCATION			EDUCATION			EDUCATION		
REVENUES										
Property taxes	\$ 19,201,409	\$ -	\$ 19,201,409	\$ 19,201,409	\$ -	\$ 19,201,409	\$ 19,233,947	\$ -	\$ 19,233,947	\$ 32,538
Other local sources	312,128	-	312,128	312,129	-	312,129	197,415	-	197,415	(114,714)
Interdistrict sources	3,929,686	45,371	3,975,057	3,929,686	45,372	3,975,058	3,832,717	46,579	3,879,296	(95,762)
Intermediate sources	-	-	-	-	-	-	-	5,298	5,298	5,298
State sources	49,485,078	2,435,943	51,921,021	49,503,878	2,418,943	51,922,821	49,703,625	2,800,818	52,504,443	581,622
Federal sources	1,899,157	1,528,861	3,428,018	4,049,328	1,353,266	5,402,594	3,870,637	1,306,263	5,176,900	(225,694)
Other sources	242,863	-	242,863	242,863	-	242,863	428,046	11,747	439,793	196,930
TOTAL REVENUES	75,070,321	4,010,175	79,080,496	77,239,293	3,817,581	81,056,874	77,266,387	4,170,705	81,437,092	380,218
EXPENDITURES										
Current										
Instruction										
Regular instruction	32,109,938	-	32,109,938	33,756,457	-	33,756,457	33,053,786	-	33,053,786	702,671
Vocational instruction	2,075,799	-	2,075,799	2,083,012	-	2,083,012	2,057,739	-	2,057,739	25,273
Special instruction	-	8,302,250	8,302,250	-	8,124,716	8,124,716	-	8,259,797	8,259,797	(135,081)
Other instruction	4,190,110	-	4,190,110	4,263,760	-	4,263,760	3,808,006	-	3,808,006	455,754
Total instruction	38,375,847	8,302,250	46,678,097	40,103,229	8,124,716	48,227,945	38,919,531	8,259,797	47,179,328	1,048,617
Support services										
Pupil services	2,944,843	1,434,759	4,379,602	2,883,942	1,442,859	4,326,801	2,720,886	1,498,860	4,219,746	107,055
Instructional staff services	3,969,688	524,371	4,494,059	3,772,309	509,725	4,282,034	3,654,365	469,681	4,124,046	157,988
General administration services	626,107	-	626,107	1,016,006	-	1,016,006	568,061	-	568,061	447,945
Building administration services	3,169,313	-	3,169,313	3,222,866	-	3,222,866	3,267,213	-	3,267,213	(44,347)
Business services	10,865,858	648,667	11,514,525	11,041,201	648,667	11,689,868	9,247,657	548,479	9,796,136	1,893,732
Central services	882,188	10,895	893,083	915,771	10,895	926,666	896,467	1,212	897,679	28,987
Insurance	597,062	-	597,062	597,062	-	597,062	593,122	-	593,122	3,940
Other support services	1,822,002	-	1,822,002	1,823,832	-	1,823,832	1,725,069	-	1,725,069	98,763
Total support services	24,877,061	2,618,692	27,495,753	25,272,989	2,612,146	27,885,135	22,672,840	2,518,232	25,191,072	2,694,063
Non-program transactions	4,333,148	205,682	4,538,830	4,542,744	207,563	4,750,307	3,728,335	200,857	3,929,192	821,115
Debt service										
Principal	56,101	-	56,101	56,101	-	56,101	663,856	-	663,856	(607,755)
Interest	18,346	-	18,346	18,346	-	18,346	23,314	-	23,314	(4,968)
Other	5,000	-	5,000	5,000	-	5,000	2,138	-	2,138	2,862
Total debt service	79,447	-	79,447	79,447	-	79,447	689,308	-	689,308	(609,861)
Capital outlay	76,812	-	76,812	104,045	6,605	110,650	3,306,807	-	3,306,807	(3,196,157)
TOTAL EXPENDITURES	67,742,315	11,126,624	78,868,939	70,102,454	10,951,030	81,053,484	69,316,821	10,978,886	80,295,707	757,777
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,328,006	(7,116,449)	211,557	7,136,839	(7,133,449)	3,390	7,949,566	(6,808,181)	1,141,385	1,137,995
OTHER FINANCING SOURCES (USES)										
Transfer (to) / from other funds	(7,329,006)	7,116,449	(212,557)	(7,139,849)	7,116,449	(23,400)	(10,808,181)	6,808,181	(4,000,000)	(3,976,600)
Capital lease proceeds	-	-	-	-	-	-	3,179,415	-	3,179,415	(3,179,415)
Sale of capital assets	1,000	-	1,000	1,000	-	1,000	834,206	-	834,206	833,206
TOTAL OTHER FINANCING SOURCES (USES)	(7,328,006)	7,116,449	(211,557)	(7,138,849)	7,116,449	(22,400)	(6,794,560)	6,808,181	13,621	(6,322,809)
NET CHANGE IN FUND BALANCE	-	-	-	(2,010)	(17,000)	(19,010)	1,155,006	-	1,155,006	1,174,016
FUND BALANCE - BEGINNING OF YEAR	10,182,976	-	10,182,976	10,182,976	-	10,182,976	10,182,976	-	10,182,976	-
FUND BALANCE - END OF YEAR	\$ 10,182,976	\$ -	\$ 10,182,976	\$ 10,180,966	\$ (17,000)	\$ 10,163,966	\$ 11,337,982	\$ -	\$ 11,337,982	\$ 1,174,016

The accompanying notes are an integral part of these statements.

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2021

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by a Board of Education resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
3. 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.
4. Pursuant to the budget hearing, the Board of Education may make alterations to the proposed budget.
5. After the Board of Education (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 Board of Education.
6. Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.
7. Encumbrance accounting is not used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

General/Special Education	Building administration services	\$ 44,347
General/Special Education	Principal	607,755
General/Special Education	Interest	4,968
General/Special Education	Capital outlay	3,196,157
General/Special Education	Transfer to other funds	3,976,600

D.C. EVEREST AREA SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years *

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.24714664%	\$ (15,429,707)	\$41,992,788	-36.74%	105.26%
2020	0.24529535%	(7,909,441)	39,227,989	-20.16%	102.96%
2019	0.24584725%	8,746,474	37,596,290	23.26%	96.45%
2018	0.24755213%	(7,350,116)	36,582,096	-20.09%	102.93%
2017	0.24666233%	2,033,087	35,668,105	5.70%	99.12%
2016	0.24736995%	4,019,714	35,465,311	11.33%	98.20%
2015	0.24827742%	(6,098,373)	34,105,812	-17.88%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 2,834,513	\$ (2,834,513)	\$ -	\$ 41,992,788	6.75%
2020	2,569,444	(2,569,444)		39,227,989	6.55%
2019	2,518,951	(2,518,951)		37,596,290	6.70%
2018	2,487,690	(2,487,690)		36,582,096	6.80%
2017	2,353,922	(2,353,922)		35,668,105	6.60%
2016	2,411,641	(2,411,641)		35,465,311	6.80%
2015	2,387,402	(2,387,402)		34,105,812	7.00%

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

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 3 preceding years.

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

Changes of benefit terms - there were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions - no significant change in assumptions from the prior year were noted.

D.C. EVEREST AREA SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years *

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2021	0.71665700%	\$ 3,942,131	\$38,400,000	10.27%	31.36%
2020	0.71368800%	3,039,023	38,076,000	7.98%	37.58%
2019	0.70300300%	1,813,985	36,844,000	4.92%	48.69%
2018	0.67954400%	2,044,463	28,576,769	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 14,290	\$ (14,290)	\$ -	\$ 38,400,000	0.04%
2020	12,901	(12,901)	-	38,076,000	0.03%
2019	13,544	(13,544)	-	36,844,000	0.04%
2018	12,904	(12,904)	-	28,576,769	0.05%

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

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 proceeding years.

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

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 above for additional detail.

D.C. EVEREST AREA SCHOOL DISTRICT
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN THE NET OPEB HEALTHCARE LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Healthcare Liability				
Service cost	\$ 500,913	\$ 600,917	\$ 547,618	\$ 518,700
Interest	197,208	235,703	242,459	240,570
Differences between expected and actual experience	-	(303,085)	310,890	(9,407)
Changes of assumptions or other input	72,469	(1,041,225)	-	-
Benefit payments	<u>(991,837)</u>	<u>(972,383)</u>	<u>(964,793)</u>	<u>(752,556)</u>
Net Changes in Total OPEB Healthcare Liability	(221,247)	(1,480,073)	136,174	(2,693)
Total OPEB Healthcare Liability - Beginning	<u>8,133,782</u>	<u>9,613,855</u>	<u>9,477,681</u>	<u>9,480,374</u>
Total OPEB Healthcare Liability - Ending (a)	<u>\$ 7,912,535</u>	<u>\$ 8,133,782</u>	<u>\$ 9,613,855</u>	<u>\$ 9,477,681</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 729,245	\$ 729,900	\$ 850,781	\$ 828,676
Contributions - employee	-	-	68,658	120,785
Net investment income	99,137	96,978	94,243	(44,272)
Benefit payments	<u>(991,837)</u>	<u>(972,383)</u>	<u>(964,793)</u>	<u>(752,556)</u>
Net Changes in Plan Fiduciary Net Position	(163,455)	(145,505)	48,889	152,633
Plan Fiduciary Net Position - Beginning	<u>4,798,559</u>	<u>4,944,064</u>	<u>4,895,175</u>	<u>4,742,542</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,635,104</u>	<u>\$ 4,798,559</u>	<u>\$ 4,944,064</u>	<u>\$ 4,895,175</u>
Net OPEB Healthcare Liability - Ending (a) - (b)	<u>\$ 3,277,431</u>	<u>\$ 3,335,223</u>	<u>\$ 4,669,791</u>	<u>\$ 4,582,506</u>
Plan fiduciary net position as a percentage of the total OPEB Healthcare Liability	58.58%	59.00%	51.43%	51.65%
Covered payroll	\$39,061,710	\$39,061,710	\$27,924,743	\$ 28,347,731
Net OPEB Healthcare Liability as a percentage of covered payroll	8.39%	8.54%	16.72%	16.17%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 736,097	\$ 709,992	\$ 709,992	\$ 803,542
Contributions in relation to the actuarially determined contributions	<u>(729,245)</u>	<u>(729,900)</u>	<u>(850,781)</u>	<u>(828,676)</u>
Contribution deficiency (excess)	<u>\$ 6,852</u>	<u>\$ (19,908)</u>	<u>\$ (140,789)</u>	<u>\$ (25,134)</u>
Covered payroll	\$39,061,710	\$39,061,710	\$27,924,743	\$ 28,347,731
Contributions as a percentage of covered payroll	1.87%	1.87%	3.05%	2.92%
Actuarial valuation date	6/30/2019	6/30/2019	6/30/2018	6/30/2017
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 preceding years.

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

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 20 year amortization, fair market value asset valuation, 2.25% discount rate, 3% salary increases, Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes in the assumptions.

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

SUPPLEMENTARY INFORMATION

D.C. EVEREST AREA SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the D.C. Everest Area School District. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Special Education and School Age Parents Program

2020-2021 eligible costs under the State Special Education Program are \$9,784,295.

NOTE 4 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**D.C. EVEREST AREA SCHOOL DISTRICT
SCHOFIELD, WISCONSIN**

OTHER REPORTS

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

To the Board of Education
D.C. Everest Area School District
Schofield, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the D.C. Everest 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 D.C. Everest Area School District's basic financial statements and have issued our report thereon dated November 1, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

D.C. Everest Area School District's Response to Finding

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

Handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
November 1, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES

To the Board of Education
D.C. Everest Area School District
Schofield, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the D.C. Everest Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of the D.C. Everest Area School District's major federal and state programs for the year ended June 30, 2021. The D.C. Everest Area School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
November 1, 2021