

BRISTOL SCHOOL DISTRICT

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2022

BRISTOL SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>PAGES</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 3
<u>BASIC FINANCIAL STATEMENTS</u>	
DISTRICT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	4
STATEMENT OF ACTIVITIES	5
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	6
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	8
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	9
NOTES TO BASIC FINANCIAL STATEMENTS	10 – 36
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	38
BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND	39
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) & SCHEDULE OF DISTRICT'S CONTRIBUTIONS	40
SCHEDULE OF CHANGES IN TOTAL SUPPLEMENTAL PENSION LIABILITY AND RELATED RATIOS	41
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS	42
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	43 – 47

BRISTOL SCHOOL DISTRICT

TABLE OF CONTENTS (continued)

	<u>PAGES</u>
<u>SUPPLEMENTARY INFORMATION</u>	
NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET	49
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	50
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	51
SCHEDULE OF EXPENDITURES OF STATE AWARDS	52
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS	53
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	54 – 55
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE WISCONSIN STATE SINGLE AUDIT GUIDELINES	56 – 58
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	59 – 60
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	61 – 66
CORRECTIVE ACTION PLAN	67 – 68



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Bristol School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bristol School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including currently known information that may raise substantial doubt shortly thereafter.

To the Board of Education
Bristol School District

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

To the Board of Education
Bristol School District

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying and accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents 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 December 14, 2022, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Sitzberger & Company LLC

Sitzberger & Company LLC
Lake Geneva, Wisconsin
December 14, 2022

BRISTOL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 25,281,882
Receivables:	
Taxes	1,197,357
Accounts	21,311
Due from other governments	541,067
Prepaid expenditures	101,857
Inventory	5,989
Net pension asset	2,367,061
Capital Assets:	
Land	164,300
Other capital assets, net of depreciation	5,919,576
TOTAL ASSETS	35,600,400
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	4,514,745
Deferred outflows related to OPEB	309,205
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,823,950
<u>LIABILITIES</u>	
Accounts payable	215,223
Payroll and related liabilities	983,421
Current portion of long-term debt	301,000
Accrued interest on long-term debt	29,357
Bond anticipation notes	22,300,000
Long-term debt	877,000
Accrued compensated absences	30,249
OPEB liability	275,975
Supplemental pension liability	158,702
TOTAL LIABILITIES	25,170,927
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deposits payable	38,928
Deferred inflows related to pensions	5,573,037
Deferred inflows related to supplemental pension	3,288
Deferred inflows related to OPEB	24,009
TOTAL DEFERRED INFLOWS OF RESOURCES	5,639,262
<u>NET POSITION</u>	
Net investment in capital assets	4,905,876
Restricted (See note K)	766,384
Unrestricted	3,941,901
TOTAL NET POSITION	\$ 9,614,161

See accompanying notes.

BRISTOL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u> <u>Governmental</u> <u>Activities</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction:				
Regular	\$ 4,860,276	\$ -	\$ 588,597	\$ (4,271,679)
Special education	1,252,585	31,991	720,880	(499,714)
Other	121,970	-	66,115	(55,855)
Total Instruction	<u>6,234,831</u>	<u>31,991</u>	<u>1,375,592</u>	<u>(4,827,248)</u>
Support Services:				
Pupil	465,489	27,506	-	(437,983)
Libraries and instructional	555,160	-	-	(555,160)
Administration	1,088,355	15,519	-	(1,072,836)
Operation and maintenance	933,287	-	-	(933,287)
Pupil transport	355,976	-	-	(355,976)
Food service	433,849	539,027	28,437	133,615
Other	539,666	-	-	(539,666)
Total Support Services	<u>4,371,782</u>	<u>582,052</u>	<u>28,437</u>	<u>(3,761,293)</u>
Debt Services	63,463	-	-	(63,463)
Nonprogram	12,726	-	-	(12,726)
Unallocated Depreciation**	248,204	-	-	(248,204)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 10,931,006</u>	<u>\$ 614,043</u>	<u>\$ 1,404,029</u>	<u>(8,912,934)</u>
<u>GENERAL REVENUES</u>				
Property taxes, levied for general purposes				3,668,451
Property taxes, levied for debt services				905,850
Federal and state aid not restricted to programs:				
General				5,410,825
Other				8,503
Investment income				3,592
Miscellaneous				10,534
TOTAL GENERAL REVENUES				<u>10,007,755</u>
CHANGE IN NET POSITION				1,094,821
NET POSITION - BEGINNING OF YEAR				<u>8,519,340</u>
NET POSITION - END OF YEAR				<u>\$ 9,614,161</u>

See accompanying notes.

BRISTOL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<u>ASSETS</u>					
Cash and investments	\$ 2,154,862	\$ 585,501	\$22,312,211	\$ 229,308	\$25,281,882
Receivables:		-			
Taxes	1,197,357	-	-	-	1,197,357
Accounts	5,373	15,938	-	-	21,311
Due from other governments	532,646	-	-	8,421	541,067
Prepaid expenditures	101,857	-	-	-	101,857
Inventory	-	-	-	5,989	5,989
TOTAL ASSETS	<u>3,992,095</u>	<u>601,439</u>	<u>22,312,211</u>	<u>243,718</u>	<u>27,149,463</u>
<u>LIABILITIES</u>					
Accounts payable	163,292	-	14,117	37,814	215,223
Payroll and related liabilities	983,421	-	-	-	983,421
Deposits payable	-	-	-	38,928	38,928
TOTAL LIABILITIES	<u>1,146,713</u>	<u>-</u>	<u>14,117</u>	<u>76,742</u>	<u>1,237,572</u>
<u>FUND BALANCES</u>					
Nonspendable	101,857	-	-	5,989	107,846
Restricted	8,557	601,439	22,298,094	158,294	23,066,384
Assigned	-	-	-	2,693	2,693
Unassigned	2,734,968	-	-	-	2,734,968
TOTAL FUND BALANCES	<u>\$ 2,845,382</u>	<u>\$ 601,439</u>	<u>\$22,298,094</u>	<u>\$ 166,976</u>	<u>\$25,911,891</u>

See accompanying notes.

BRISTOL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 25,911,891

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds as assets.

Capital assets	15,345,763	
Accumulated depreciation	<u>(9,261,887)</u>	
		6,083,876

The District's proportionate share of the Wisconsin Retirement System net pension asset (liability) is reported on the statement of net position, but is not reported in the governmental funds.

2,367,061

The District's net supplemental pension asset (liability) is not currently available and thus not reported in the governmental funds.

(158,702)

The District's net OPEB asset (liability) is not currently available and thus not reported in the governmental funds.

(275,975)

Deferred inflows and outflows of resources are applicable to future periods, and therefore, are not reported in the governmental funds.

WRS pension outflows	4,514,745	
Supplemental pension inflows	(3,288)	
OPEB outflows	309,205	
WRS pension inflows	(5,573,037)	
OPEB inflows	<u>(24,009)</u>	
		(776,384)

Long-term debt and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Long-term liabilities at year end consist of:

Notes and bonds payable	(1,178,000)	
Bond anticipation note	(22,300,000)	
Accrued compensated absences	<u>(30,249)</u>	
		(23,508,249)

Accrued interest payable on debt is not due and payable in the current period and, therefore, is not reported as a liability in the funds.

(29,357)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 9,614,161**

See accompanying notes.

BRISTOL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
<u>REVENUES</u>					
Local	\$ 3,715,057	\$ 905,850	\$ 11	\$ 75,481	\$ 4,696,399
Interdistrict	930,544	-	-	-	930,544
Intermediate	723	-	-	-	723
State	4,858,292	-	-	11,253	4,869,545
Federal	971,237	-	-	546,846	1,518,083
Other	12,440	-	-	-	12,440
TOTAL REVENUES	10,488,293	905,850	11	633,580	12,027,734
<u>EXPENDITURES</u>					
Instruction:					
Current	6,558,753	-	-	84,732	6,643,485
Capital outlay	-	-	-	26,222	26,222
Support Services:					
Current	3,833,282	-	93,272	431,653	4,358,207
Capital outlay	162,506	-	115,443	-	277,949
Debt Service	-	334,022	-	-	334,022
TOTAL EXPENDITURES	10,554,541	334,022	208,715	542,607	11,639,885
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(66,248)	571,828	(208,704)	90,973	387,849
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds on bond anticipation note	-	-	22,300,000	-	22,300,000
Operating transfers in	-	-	-	1,000	1,000
Operating transfers (out)	(1,000)	-	-	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,000)	-	22,300,000	1,000	22,300,000
NET CHANGE IN FUND BALANCES	(67,248)	571,828	22,091,296	91,973	22,687,849
FUND BALANCES - BEGINNING OF YEAR	2,912,630	29,611	206,798	75,003	3,224,042
FUND BALANCES - END OF YEAR	\$ 2,845,382	\$ 601,439	\$ 22,298,094	\$ 166,976	\$ 25,911,891

See accompanying notes.

BRISTOL 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, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$22,687,849

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	(522,990)	
Capital outlays	304,171	
	304,171	(218,819)

The repayment of the principal of long-term debt is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.

Long-term debt principal paid		290,000
-------------------------------	--	---------

Proceeds from long-term debt issuance is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net position.

Proceed from bond anticipation note		(22,300,000)
-------------------------------------	--	--------------

Accrued interest reported in the governmental funds are reported as expenditure when paid. However, in the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due.

		(19,442)
--	--	----------

Certain expenses do not require the use of current financial resources, and therefore, are not accrued in the governmental funds. These expenses are accrued in the government-wide statement of net position and reported as expenses in the statement of activities.

Accrued compensated absences		10,535
------------------------------	--	--------

The change in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share of the differences between the expected and actual experience of the pension plan.

		591,123
--	--	---------

Other post-employment benefits are reported in the governmental funds when amounts are paid. However, the statement of activities reports the amount earned during the year. Post employment benefits paid are greater than the amounts earned.

		(2,079)
--	--	---------

Supplemental pension benefits are reported in the governmental funds when amounts are paid. However, the statement of activities reports the amount earned during the year. Supplemental pension benefits paid are greater than the amounts earned.

		55,654
--	--	--------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 1,094,821
--	--	---------------------

See accompanying notes.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note A - Summary of Significant Accounting Policies

The basic financial statements of the Bristol School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) 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 Bristol School District is organized as a common school district. The District, governed by a five-member elected school board, operates grades K through 8 and is comprised of all or parts of three taxing districts. The District is fiscally independent with taxing and borrowing powers.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the District for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the District and the governmental entity; control by the District over selection of the entity’s governing authority or designation of management; the ability of the District to significantly influence operations of the entity; and whether the District is responsible for the accountability for fiscal matters.

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

Basis of Presentation

District-Wide Financial Statements

The statement of net position and the statement of activities present financial information about the District’s governmental activities. These statements include financial activities of the overall government in its entirety. 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 demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. The fund financial statements provide reports on the financial condition and results of operations for governmental funds. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated and reported as nonmajor funds.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund – The general fund is the District’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. It is also used to account for activities associated with providing educational programs for students with disabilities.

Debt Service Fund – The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund – The District accounts for financial resources to be used for the acquisition and construction of major capital facilities in capital projects funds.

Nonmajor Governmental Funds

Capital Improvement Fund – The District accounts for resources accumulated for future capital improvements in a capital improvement fund

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. The District uses the following special revenue funds:

Special Revenue Trust Fund – Used to account for gifts and donations from private parties that can be used for District operations.

Food Service Fund – Used to account for the District’s food service program.

Community Service Fund – Used to account for the District’s community service program.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recognized as receivables and deferred revenues. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

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

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value unless the difference between amortized costs and fair value are material.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the statement of net position at the end of each reporting period. As discussed in footnote B, the District categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Interest income is recorded on the accrual basis.

Wisconsin Statute 66.0603 restricts investment of district funds. Permitted investments for the District include any of the following:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in Wisconsin.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town or school district.
- Bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, University of Wisconsin Hospitals and Clinics Authority, local cultural arts district, or the Wisconsin Aerospace Authority.
- Any security matures in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Repurchase agreements with public depositories, with certain conditions.
- Securities of an open-end management company or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

The School Board has adopted an investment policy pursuant to these statutes, which allows the District to invest in time deposits, securities guaranteed by the U.S. Government, securities of the Wisconsin Local Pooled Investment Fund and commercial paper if the security has the highest or second highest rating of a nationally recognized rating agency. The District minimizes credit risk by limiting investments to the safest type of securities, consistent with state law and School Board policy, and diversifying in the investment portfolio.

Receivables

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

Property taxes are recognized as revenues in the fiscal year for which they are budgeted and levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

All accounts receivable are shown 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 such an allowance would not be material.

Inventories and Prepayments

All inventories are valued at cost using the first in/first out (“FIFO”) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Transfers are recorded to move cash between funds to account for these activities. The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The non-current portion or outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate they are not available for appropriation and are not expendable available financial resources. The District has no advances between funds. Individual fund transfers and interfund receivable and payable activity for the year ended June 30, 2022 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>Transfers:</u>			
Capital Improvement	General	\$ 1,000	Fund future capital improvements
<u>Due to/from:</u>			
None			

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. No depreciation is recorded in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Land is not depreciated. Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Buildings	40 years
Building improvements	40 years
Site improvements	15 years
Furniture & equipment	5 – 10 years
Computers and related technology*	5 years
Textbooks*	5 years

*For purposes of determining the capitalization threshold for these items, the District groups all purchases for the year.

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred Inflows / Outflows 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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to net pension liability, supplemental pension liability, and OPEB liability, which are explained in more detail in Note E, F, and G.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to net pension liability and OPEB liability, which are explained in more detail in Note E and G. Revenues collected in advance that do not meet the revenue recognition criteria, and food service account deposits are also reported under deferred inflows of resources.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (“WRS”) and addition 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. See Note E for more detailed information.

Accrued Compensated Absences

The District's policy allows full-time employees to earn 10 days of sick pay for each year employed, accumulating to a maximum vested amount of 60 days. Upon retirement from the District at age 55 or older, the employee with at least 15 years of service in the District is entitled to remuneration at 60% of their daily rate for each unused sick day up to a maximum of 50 days.

The District's policy allows employees working between 15 and 39 hours per week to earn 5 days of sick pay for each year employed, accumulating to a maximum vested amount of 30 days. Upon retirement from the district at age 55 or older, the employee with at least 15 years of service in the District is entitled to remuneration at 60% of their daily rate for each unused sick day up to a maximum of 25 days. There were no amounts paid during the year under this program.

Net Position

District-Wide Financial Statements – The District classifies net position in the district-wide financial statements as follows:

Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted net position – Consists of net position that is subject to restrictions that are imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted net position – All other net positions not classified in previous two categories.

The District applies restricted resources first when expense is incurred for purposes for which both a restricted and unrestricted net position is available, then unrestricted resources as they are needed.

Fund Balances

Fund Financial Statements – Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
(CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of the fund classifications:

Nonspendable fund balance – includes amounts that cannot be spent because they are not in a spendable form and cannot be converted to cash or because they are legally or contractually required to remain intact. The District shall report inventories, prepaid items, long-term receivables, and other amounts legally or contractually required to be maintained intact as nonspendable.

Restricted fund balance – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a school board resolution and require the approval of a majority of the school board. Commitments may only be established, modified, or rescinded through resolutions approved by the School Board.

Assigned fund balance – includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the District Administrator pursuant to authorization established by the School Board to the extent that such assignments do not create a negative unassigned fund balance. The District Administrator's assignment of fund balance resources for a specific purpose, or the removal of an assignment previously made, must be reasonably justified, documented, and reported to the board.

Unassigned fund balance – the residual classification for the general fund. This classification represents spendable fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

Fund Balance of a special revenue fund, where donations and contributions received from an individual or organization, shall be restricted for the specific purpose identified by the individual, organization, or district administration.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Use of Estimates

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

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note A - Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events have been evaluated through December 14, 2022, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. The District issued General Obligation Refunding Bonds of \$21,560,000 on July 7, 2022 to refund the Bond Anticipation Notes issued in June of 2022. There were no other subsequent events required to be disclosed for the year ended June 30, 2022. See additional information in footnote D.

Note B - Cash and Investments

The District's cash and investments at June 30, 2022 consisted of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Custodial Risk:			
Checking and savings	\$ 519,445	\$ -	\$ 519,445
Wisconsin Local Government Investment Pool	-	2,463,843	2,463,843
WISC Cash Management Series	-	150,530	150,530
Custodial, Interest Rate and Credit Risk			
WISC - Gov Bonds	-	20,146,444	20,146,444
WISC Investment Series	-	2,001,120	2,001,120
Petty cash	500	-	500
Total cash and investments	<u>\$ 519,945</u>	<u>\$ 24,761,937</u>	<u>\$ 25,281,882</u>

The District's cash and investments are reported in the financial statements as follows:

Per Statement of Net Position

Cash and investments	<u>\$ 25,281,882</u>
----------------------	----------------------

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation ("FDIC") in the amount of \$250,000 for demand deposits and \$250,000 for time deposits. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per financial institution above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The fund insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the State Investment Fund ("SIF") and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At June 30, 2022, the fair value of the District's share of the LGIP's assets were substantially equal to the amount as reported in these statements.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note B - Cash and Investments (continued)

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total on one day’s notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies to the report can be obtained from <http://www.doa.state.wi.us/Division/Budget-and-Financial/LGIP>.

The District has investments in WISC consisting of Cash management Series (“CMS”) and Investment Series (“IS”). The CMS has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The IS provides a vehicle that pools funds for investment in US government obligations, agencies, commercial paper, and other highly quality short-term instruments, creating an efficient option for participants with a two-to-three month investment time horizon. WISC is organized by and operated exclusively for Wisconsin Public Schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission but operates under Wisconsin Intergovernmental Cooperation Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin Law. WISC investments are valued at amortized cost, which approximates fair value.

In accordance with certain contractual provisions, investment income associated with WISC is assigned to the fund(s) in which the assets are held.

Participants in WISC have the right to withdraw their funds in total on one days notice.

A separate financial report for WISC is prepared in accordance with GASB. Copies of the report can be obtained buy contacting the Wisconsin Investment Series Cooperative.

Custodial Risk: Is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the District’s deposits was \$25,281,882 and the bank balance was \$25,299,255 of which was fully insured. Differences between bank balance and carrying amount represent deposits in transit and/or outstanding checks.

Interest Rate Risk: Is the risk of fair value losses arising from rising interest rates.

<u>Type of Investment</u>	Investment Maturities (In Years)				Total
	Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years	
WISC - Government Bonds	\$ 20,146,444	\$ -	\$ -	\$ -	\$ 20,146,444
WISC - Investment Series	2,001,120	-	-	-	2,001,120
	<u>\$ 22,147,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,147,564</u>

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note B - Cash and Investments (continued)

Credit Risk: Is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligation explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Type of Investment	Rating as of Year End	
	Amount	Rating
WISC - Government Bonds	\$ 20,146,444	AAA
WISC - Investment Series	2,001,120	AAA
	<u>\$ 22,147,564</u>	

Fair Value Measurements of Investments

The District categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

- Level 1 Quoted prices in active markets for identical assets.
- Level 2 Significant other observable inputs.
- Level 3 Significant unobservable inputs.

	Fair Value Measurement Using					Total
	Level 1	Level 2	Level 3	Exempt		
LGIP	\$ -	\$ -	\$ -	\$ 2,463,843	\$ 2,463,843	
WISC	-	-	-	22,298,094	22,298,094	
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,761,937</u>	<u>\$ 24,761,937</u>	

WISC and LGIP are exempt from disclosure due to investments being valued at amortized cost.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note C - Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 are as follows:

	Balances				Balances
	Beginning	Additions	Deletions	Transfers	Ending
Capital assets not being depreciated:					
Land	\$ 164,300	\$ -	\$ -		\$ 164,300
Construction in process	27,886	-	-	(27,886)	-
Total capital assets not being depreciated	192,186	-	-	(27,886)	164,300
Capital assets being depreciated:					
Buildings and improvements	12,801,235	103,983	-	27,886	12,933,104
Equipment	2,239,054	200,188	(190,883)	-	2,248,359
Total capital assets being depreciated	15,040,289	304,171	(190,883)	27,886	15,181,463
Less: accumulated depreciation	(8,929,780)	(522,990)	190,883	-	(9,261,887)
Net capital assets being depreciated	6,110,509	(218,819)	-	27,886	5,919,576
Governmental activities capital assets, net	\$ 6,302,695	\$(218,819)	\$ -	\$ -	\$ 6,083,876

Depreciation expense was charged to the following governmental functions in the statement of activities:

Regular instruction	\$ 220,349
Special education instruction	4,104
Operation and maintenance	44,532
Food service	5,801
Unallocated depreciation	248,204
Total depreciation of governmental activities	\$ 522,990

Note D – Long-term Debt

Long-term obligations of the District are as follows:

Type	Balances			Amounts	
	Beginning	Additions	Reductions	Balances	Due Within
				Ending	One Year
General obligation debt	\$ 1,468,000	\$ -	\$ 290,000	\$ 1,178,000	\$ 301,000
Bond anticipation note	-	22,300,000	-	22,300,000	22,300,000
Compensated absences	40,784	-	10,535	30,249	-
Total	\$ 1,508,784	\$ 22,300,000	\$ 300,535	\$ 23,508,249	\$ 22,601,000

Total interest paid and expensed (including accrual) during the year ended June 30, 2022, on long-term liabilities was \$43,548 and \$62,988 respectively.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note D – Long-term Debt (continued)

General Obligation Debt

General obligation debt at June 30, 2022, is comprised of the following individual issues:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Balance 6/30/2022</u>
G.O. School Improvement Bonds	06/18/13	2.00 – 3.50%	05/01/29	\$ 585,000
Bond Anticipation Notes	06/08/22	1.910%	12/08/22	22,300,000
G.O. Promissory Notes	05/20/20	1.35 – 1.85%	05/01/30	593,000
Total General Obligation Debt				<u>\$ 23,478,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2022 follow:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,601,000	\$ 22,090	\$ 22,623,090
2024	306,000	16,337	322,337
2025	102,000	10,463	112,463
2026	42,000	8,354	50,354
2027	43,000	7,703	50,703
2028-2032	384,000	18,696	402,696
Total	<u>\$ 23,478,000</u>	<u>\$ 83,643</u>	<u>\$ 23,561,643</u>

At June 30, 2022, \$2,655,000 of defeased bonds remained outstanding.

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,381,272,622. The legal debt limit and margin of indebtedness as of June 30, 2022, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows.

Debt limit (5% of \$1,381,272,622)	\$ 69,063,631
Deduct long-term debt applicable to debt margin	<u>(23,478,000)</u>
<i>Margin of indebtedness</i>	<u>\$ 45,585,631</u>

The District issued bond anticipation notes of \$22,300,000 during June of 2022. These bonds carried an interest rate of 1.910% and had a maturity date of December 8, 2022. The bond anticipation notes were issued for the public purpose of paying the cost of a school facility improvement project at the school building and site consisting of: safety and security improvements; building systems, capital maintenance, infrastructure and ADA (Americans with Disabilities Act) compliance updates; site improvements; renovations, including for classrooms, a cafeteria/kitchen and LGI (Large Group Instruction) space; and acquisition of furnishings, fixtures and equipment.

The district subsequently issued general obligation refunding bonds of \$21,560,000 on July 7, 2022 to refund the \$22,300,000 bond anticipation notes dated June 8, 2022. The general obligation bonds carry a varying interest rate of 4.125% to 5.000% and have a maturity date of 5/1/2022.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
(CONTINUED)

Note E - Defined Benefit Pension Plan

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

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

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note E - Defined Benefit Pension Plan (continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, 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 \$344,100 in contributions from the employer.

Contribution rates as of June 30, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.50%	6.50%

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

At June 30, 2022, the District reported a liability (asset) of (\$2,367,061) for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2021, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the District's proportion was 0.02936734%, which was an increase of 0.002931% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense (revenue) of (\$202,012).

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note E - Defined Benefit Pension Plan (continued)

At June 30, 2022, 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	\$ 3,823,869	\$ 275,742
Net differences between projected and actual earnings on pension plan investments	-	5,295,314
Changes in assumptions	441,612	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,967	1,981
Employer contributions subsequent to the measurement date	240,297	-
	\$ 4,514,745	\$ 5,573,037

The amount of \$240,297 reported as Deferred Outflows of Resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflow of Resources	Deferred Inflow of Resources
2022	\$ 2,156,997	\$ 2,264,352
2023	1,349,522	1,988,606
2024	978,860	1,259,871
2025	460,755	731,894
Thereafter	-	-

Actuarial assumptions. The Total Pension Liability (Asset) in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018-December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

* 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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note E - Defined Benefit Pension Plan (continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability (Asset) changes from prior year, including discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability (Asset) for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 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, 2021			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
	%		
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund	115	6.6	4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
 Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations
 The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note E - Defined Benefit Pension Plan (continued)

Single Discount Rate. A single discount rate of 6.80% was used to measure the Total Pension Liability (Asset) as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (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, 2021. 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 6.80 % expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid.

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District’s proportionate share of the net pension liability (asset)	\$ 1,679,598	\$ (2,367,061)	\$ (5,279,903)

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. At June 30, 2022 the District reported a payable to the pension plan of \$113,422.

Note F – Supplemental Pension Plan

Plan Description. The District provides 2 grandfathered teachers with 5 annual, non-elective 403(b) (TSA) contributions in retirement that are based upon years of service as of June 2016. The plan is closed to new entrants.

Benefits Provided. There were 2 retired employees in the plan as of June 30, 2022, the date of the last valuation. The pension benefit is based upon years of service as of June 2016 as well as the employee's group classification. Two teachers via individually-negotiated agreements are eligible for 5 annual non-elective 403(b) (TSA) contributions upon retirement until paid out or death; whichever occurs first.

Contributions. The benefits are currently funded on a pay-as-you-go basis.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note F – Supplemental Pension Plan (continued)

Key Actuarial Methods and Assumptions. GASB guidelines require that actuarial valuations of pension benefits use the entry-age normal actuarial method. This valuation was performed using the entry-age normal actuarial method.

Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, a 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the Total Pension Liability. The assumptions are detailed in the Stipend Technical Appendix.

A discount rate of 2.25% was used in calculating the District's pension liabilities (based upon all projected payments discounted at a municipal bond rate of 2.25%). The discount rate is based on the Bond Buyer GO 20-Year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Changes in Total Supplemental Pension Liability. The following table shows the components of the District's total supplemental pension cost for the year, the amount actually paid from the plan, and the changes in the District's total supplemental pension liability.

	Governmental Activities
Service cost	\$ 2,480
Interest	4,364
Differences between expected and actual experience	-
Changes of assumptions or other input	(6,576)
Benefit payments	(68,569)
Net change in total supplemental pension liability	(68,301)
Total supplemental pension liability - beginning of year	227,003
Net change in total supplemental pension liability	(68,301)
Total supplemental pension liability - end of year	\$ 158,702

The projection of the changes in total supplemental pension liability for the year are as follows:

	Discount Rate		
	Baseline -1%	Baseline	Baseline +1%
Total OPEB liability - beginning of year	\$ 231,612	\$ 227,003	\$ 222,445
Changes for the year:			
Service cost	2,926	2,480	2,087
Interest	2,485	4,364	6,149
Benefit payments	(68,569)	(68,569)	(68,569)
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other input	(6,566)	(6,576)	(6,569)
Net changes	(69,724)	(68,301)	(66,902)
Total OPEB liability - ending of year	\$ 161,888	\$ 158,702	\$ 155,543

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note F – Supplemental Pension Plan (continued)

Actuarial Assumptions. Actuarial assumptions used to determine the total supplemental pension liability in the June 30, 2020 valuation were based on the below major assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2022
Reporting date	June 30, 2022
Actuarial cost method	Entry Age Normal (level percent of salary)
Discount rate*	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%)
Municipal bond rate source	Bond Buyer 20-Bond GO Index
Actuarial assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17
Mortality assumptions	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied by 60%)

* Implicit in this rate is an assumed rate of inflation of 2.50%

Sensitivity of the District's total supplemental pension liability to changes in the discount rate. The following presents the District's total supplemental pension liability calculated using the discount rate of 3.50%, as well as what the District's total supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease to Discount Rate 2.50%	Current Discount Rate 3.50%	1% Increase to Discount Rate 4.50%
Total supplemental pension liability	\$ 161,888	\$ 158,702	\$ 155,543

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2022, the District recognized pension expense of \$12,915.

At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to supplemental pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other input	-	3,288
Total	<u>\$ -</u>	<u>\$ 3,288</u>

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note F – Supplemental Pension Plan (continued)

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

Year Ended June 30,	Recognized as supplemental pension expense as follows
2023	\$ (3,288)
2024	-
2025	-
2026	-
2027	-
Thereafter	-

Following is a calculation of collective OPEB expense.

Change in Total OPEB Liability	\$ (68,301)
(Increase)/Decrease in Deferred outflows	9,359
Increase/(Decrease) in Deferred Inflows	3,288
Benefit Payments	68,569
OPEB Expense	\$ 12,915
Operating Expenses	
Service Cost	\$ 2,480
Total (a)	\$ 2,480
Financing Expenses	
Interest	\$ 4,364
Total (b)	\$ 4,364
Changes	
Benefit changes	\$ -
Recognition of assumption changes	(3,248)
Recognition of experience gains and losses	9,319
Total (c)	\$ 6,071
OPEB Expense (a + b + c)	\$ 12,915
OPEB Expense as % of Payroll	8.03%

There were no payables to the OPEB plan as of June 30, 2022.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
(CONTINUED)

Note G – Other Post-employment Benefits

Plan Description. The District's Other Post-employment Benefits (OPEB) plan consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below.

2 Individually Negotiated Teachers: At least age 57 with 15 years of continuous service in the District:

The District shall contribute towards a retiree's single or family medical coverage frozen at the premium amounts in effect on June 1, 2011 not to exceed the plan's annual maximums. These contributions will continue for a period of 7 or 3 years, Medicare eligibility, or death.

Notes: upon exhaustion of the District provided benefits, retirees may self-pay the full amount of premiums to remain on the District's medical plan only for the duration of COBRA.

In an OPEB valuation, the GASB guidelines require that the OPEB to be based upon the value of the health care benefit. Thus, when the benefits are insured, the value above the premium cost of benefits must be determined. This applies to all classifications and arises from the value of benefits in excess of the payments made by the District during the guaranteed period. This amount is determined and incorporated in the determined liability of the medical care benefit.

In addition, since GASB guidelines require the OPEB to be based upon the value of the medical care benefit, when an individual self-pays 100% of the premium cost, the valuation also includes the difference between the premium cost and the value cost of the benefit. This is known as the Implicit Rate Subsidy.

Implicit Rate Subsidy exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately. The final GASB Statements declare that even if the retirees pay 100% of the premium, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an OPEB liability.

Notes: the implicit rate subsidy is only applied when retirees are enrolled in the District's medical plan. It is not applied, however, when retirees participate in the District's dental and/or vision plans. Furthermore, when an individual becomes Medicare-eligible, their premium rates are adjusted, such that these adjusted rates represent the expected cost of coverage, and no implicit rate subsidy is calculated.

The only OPEB liability calculated for active employees was on behalf of the two individually negotiated Teachers who are eligible for continued District-provided medical insurance upon their retirement. Since all other employees are only provided COBRA upon termination or retirement, it was assumed that few, if any would choose to remain on the plan via COBRA contributions. Thus, no OPEB liability (including implicit rate subsidy) was calculated on behalf of any other active employee.

Sick Leave Benefit. Eligible Support Staff will be provided with a sick leave benefit wherein unused sick leave accumulated upon retirement up to a maximum based on a group classification (A or B) will be paid out in one lump sum through payroll.

According to GASB guidelines, when sick leave is converted into a dollar amount, the resulting monies are not considered - nor should they be accounted for - as an OPEB. Rather, the dollars resulting from the unused sick leave are considered termination payments and should be accounted for as a compensated absence under GASB Statement 16. The sick leave benefit was not valued nor was it included in this valuation.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note G – Other Post-employment Benefits (continued)

Actively-funded Benefit. The District provides eligible Teachers and Administrators with a stipend benefit to be received post employment. The District contributes a determined amount into a TSA upon completion of each full year of service. The contributions are based on years of service and are vested immediately. Such contributions are made annually in the year the benefit is earned and identified by individual. Thus, the benefit is considered to be accounted for as an actively-funded benefit and was not included in the post-employment valuation.

Contributions. The benefits are currently funded on a pay-as-you-go basis.

Key Actuarial Methods and Assumptions. The valuation was based upon the data provided by the District. In performing this study, we utilized the premium rate history of the District’s medical plan 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, 2021.

Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, a 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the Total OPEB Liability. The assumptions are detailed in the OPEB Technical Appendix.

A discount rate of 2.25% w OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 2.25%). The discount rate is based on the Bond Buyer GO 20-Year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Changes in Total OPEB Liability. The following table shows the components of the District’s total OPEB cost for the year, the amount actually paid from the plan, and changes in the District’s total OPEB liability.

	Governmental Activities
Service cost	\$ 5,884
Interest	6,836
Differences between expected and actual experience	-
Changes of assumptions or other input	(8,701)
Benefit payments	<u>(57,864)</u>
Net change in total OPEB liability	<u>(53,845)</u>
Total OPEB liability - beginning of year	329,820
Net change in total OPEB liability	(53,845)
Total OPEB liability - end of year	<u><u>\$ 275,975</u></u>

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note G – Other Post-employment Benefits (continued)

The projection of the changes in total OPEB liability for the year are as follows:

	Discount Rate		
	Baseline -1%	Baseline	Baseline +1%
Total OPEB liability - beginning of year	\$ 338,735	\$ 329,820	\$ 320,964
Changes for the year:			
Service cost	6,828	5,884	5,041
Interest	3,915	6,836	9,573
Benefit payments	(57,864)	(57,864)	(57,864)
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other input	(8,680)	(8,701)	(8,662)
Net changes	(55,801)	(53,845)	(51,912)
Total OPEB liability - ending of year	<u>\$ 282,934</u>	<u>\$ 275,975</u>	<u>\$ 269,052</u>

Actuarial Assumptions. Actuarial assumptions used to determine the total supplemental pension liability in the June 30, 2018 valuation were based on the below major assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2022
Reporting date	June 30, 2022
Actuarial cost method	Entry Age Normal (level percent of salary)
Medical Care Trend	6.50% decreasing by 0.10% per year down to 5.00% and level thereafter
Discount rate*	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%)
Municipal bond rate source	Bond Buyer 20-Bond GO Index
Actuarial assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17
Mortality assumptions	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied by 60%)

* Implicit in this rate is an assumed rate of inflation of 2.50%

Sensitivity of the District's total OPEB liability to changes in the discount rate. The following presents the District's total OPEB liability calculated using the discount rate of 3.50%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease to Discount Rate 2.50%	Current Discount Rate 3.50%	1% Increase to Discount Rate 4.50%
Total OPEB liability	\$ 282,934	\$ 275,975	\$ 269,052

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note G – Other Post-employment Benefits (continued)

Sensitivity of the District’s total OPEB liability to changes in healthcare cost trend rates. The following presents the District’s total OPEB liability calculated using the healthcare cost trend rates of 6.5%, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	Healthcare Cost		
	1% Decrease (5.5% decreasing to 4.0%)	Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB liability	\$ 269,520	\$ 275,975	\$ 282,701

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2022, the District recognized OPEB expense of \$59,943. At June 30, 2022, the District reported deferred outflows 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	\$ 297,659	\$ -
Changes of assumptions or other input	11,546	24,009
Total	<u>\$ 309,205</u>	<u>\$ 24,009</u>

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

Year Ended June 30,	Recognized as OPEB expense as follows
2023	\$ 47,223
2024	47,223
2025	47,223
2026	47,223
2027	47,223
Thereafter	49,081

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note G – Other Post-employment Benefits (continued)

Following is a calculation of collective OPEB expense.

Change in Total OPEB Liability	\$	(53,845)
(Increase)/Decrease in Deferred outflows		50,708
Increase/(Decrease) in Deferred Inflows		5,216
Benefit Payments		57,864
 OPEB Expense	 \$	 59,943
<hr/>		
Operating Expenses		
Service Cost	\$	5,884
Total (a)	\$	5,884
 Financing Expenses		
Interest	\$	6,836
Total (b)	\$	6,836
 Changes		
Benefit changes	\$	-
Recognition of assumption changes		(1,835)
Recognition of experience gains and losses		49,058
Total (c)	\$	47,223
 OPEB Expense (a + b + c)	 \$	 59,943
OPEB Expense as % of Payroll		1.31%

There were no payables to the OPEB plan as of June 30, 2022.

Note H - Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues a school district may derive from general school aids and property taxes. The annual revenue increase from these sources is limited by the higher of the rate of inflation or the CPI-adjusted dollar amount on the prior year per pupil amount unless a higher amount has been approved by a referendum.

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

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

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (CONTINUED)

Note I - Litigation and Contingencies

From time to time the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District's various insurance carriers, since most claims brought against the District are covered by insurance policies. In the opinion of the District attorney and District management, any legal actions and any other proceedings known to exist at June 30, 2022 are not likely to have a material adverse impact on the District's financial position.

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

Note J - Risk Management

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

Note K - Fund Balances

Portions of fund balances are nonspendable, restricted, or committed and are not available for current appropriation or expenditure as follows:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General fund:			
Prepaid expenditures	\$ 101,857	\$ -	\$ -
Common school library fund	-	8,557	-
Debt service	-	601,439	-
Capital projects	-	22,298,094	-
Special revenue trust	-	53,693	-
Food service	5,989	103,601	-
Capital improvement	-	1,000	-
Community service	-	-	2,693
Total	<u>\$ 107,846</u>	<u>\$ 23,066,384</u>	<u>\$ 2,693</u>

Note L – Commitments

The District has a commitment for construction costs as of June 30, 2022 for a school facility improvement project at the school building and site consisting of: safety and security improvements; building systems, capital maintenance, infrastructure and ADA (Americans with Disabilities Act) compliance updates; site improvements; renovations, including for classrooms, a cafeteria/kitchen and LGI (Large Group Instruction) space; and acquisition of furnishings, fixtures and equipment. The commitment will be paid using bonds issued subsequent to year end.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022
(CONTINUED)

Note M - Effect of New Accounting Standards on Financial Statements

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

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of Statement No. 32*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

REQUIRED SUPPLEMENTARY INFORMATION

**BRISTOL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Local	\$ 3,720,185	\$ 3,719,656	\$ 3,715,057	\$ (4,599)
Interdistrict	822,066	891,928	891,928	-
Intermediate	-	-	723	723
State	4,472,706	4,507,398	4,527,400	20,002
Federal	592,949	959,923	714,705	(245,218)
Other	16,000	17,019	12,440	(4,579)
TOTAL REVENUES	9,623,906	10,095,924	9,862,253	(233,671)
<u>EXPENDITURES</u>				
Instruction:				
Undifferentiated curriculum	2,600,054	2,923,945	2,380,357	543,588
Regular curriculum	1,925,909	1,914,945	1,960,187	(45,242)
Physical curriculum	217,217	259,845	259,685	160
Co-curricular activities	47,051	40,650	39,078	1,572
Support Services:				
Pupil services	247,931	275,914	266,367	9,547
Libraries and instructional	319,129	282,225	405,667	(123,442)
General administration	426,868	450,554	450,820	(266)
School building administration	596,857	651,258	634,717	16,541
Business administration	1,315,124	1,252,372	1,314,557	(62,185)
Central services	90,590	160,515	107,306	53,209
Insurance and judgments	93,547	73,944	69,855	4,089
Other support services	605,895	859,240	481,151	378,089
Other	-	1,614	1,488	126
Nonprogram	458,836	384,494	408,145	(23,651)
TOTAL EXPENDITURES	8,945,008	9,531,515	8,779,380	752,135
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	678,898	564,409	1,082,873	518,464
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfer in (out)	(950,000)	(1,141,914)	(1,150,121)	(8,207)
TOTAL OTHER FINANCING SOURCES (USES)	(950,000)	(1,141,914)	(1,150,121)	(8,207)
NET CHANGE IN FUND BALANCE	\$ (271,102)	\$ (577,505)	(67,248)	\$ 510,257
FUND BALANCE - BEGINNING OF YEAR			2,912,630	
FUND BALANCE - END OF YEAR			\$ 2,845,382	

See accompanying notes to required supplementary information.

**BRISTOL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<u>REVENUES</u>				
Interdistrict	\$ 37,300	\$ 37,300	\$ 38,616	\$ 1,316
State	277,475	277,475	330,892	53,417
Federal	220,523	220,523	256,532	36,009
TOTAL REVENUES	<u>535,298</u>	<u>535,298</u>	<u>626,040</u>	<u>90,742</u>
<u>EXPENDITURES</u>				
Instruction:				
Special education	942,933	942,933	1,255,372	(312,439)
Support Services:				
Pupil services	132,846	132,846	105,745	27,101
Libraries and instructional	173,576	173,576	171,032	2,544
Business administration	11,202	11,202	40,091	(28,889)
Central services	1,783	1,783	1,547	236
Insurance and judgments	3,545	3,545	-	3,545
Other support services	1,336	1,336	835	501
Nonprogram	168,077	168,077	200,539	(32,462)
TOTAL EXPENDITURES	<u>1,435,298</u>	<u>1,435,298</u>	<u>1,775,161</u>	<u>(339,863)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(900,000)</u>	<u>(900,000)</u>	<u>(1,149,121)</u>	<u>(249,121)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfer in (out)	<u>900,000</u>	<u>900,000</u>	<u>1,149,121</u>	<u>249,121</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

See accompanying notes to required supplementary information.

BRISTOL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Wisconsin Retirement System

Last 10 Fiscal Years*

WRS Year End	District's proportion of the net pension (asset) liability	District's proportionate share of the net pension (asset) liability	District's covered-employee payroll	Net pension (asset) liability as a percentage of employee payroll	Plan fiduciary net position as a percentage of total pension (asset) liability
2021	0.02936734%	\$ (2,367,061)	\$ 5,067,381	-46.71%	106.02%
2020	0.02907424%	\$ (1,815,145)	\$ 5,064,226	-35.84%	105.26%
2019	0.02782873%	\$ (897,325)	\$ 4,504,513	-19.92%	102.96%
2018	0.26950000%	\$ 958,796	\$ 4,405,440	21.76%	96.45%
2017	0.02574953%	\$ (764,534)	\$ 3,960,198	-19.31%	102.93%
2016	0.02517458%	\$ 207,499	\$ 3,672,923	5.65%	99.12%
2015	0.02516054%	\$ 408,854	\$ 3,569,913	11.45%	98.20%
2014	0.02502151%	\$ (614,597)	\$ 3,498,197	-17.57%	102.74%

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

Wisconsin Retirement System

Last 10 Fiscal Years*

WRS Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 344,100	\$ 344,100	\$ -	\$ 5,067,381	6.79%
2020	\$ 341,834	\$ 341,834	\$ -	\$ 5,064,226	6.75%
2019	\$ 295,046	\$ 295,046	\$ -	\$ 4,504,513	6.55%
2018	\$ 295,166	\$ 295,166	\$ -	\$ 4,405,440	6.70%
2017	\$ 269,293	\$ 269,293	\$ -	\$ 3,960,198	6.80%
2016	\$ 242,412	\$ 242,412	\$ -	\$ 3,672,923	6.60%
2015	\$ 242,753	\$ 242,753	\$ -	\$ 3,569,913	6.80%
2014	\$ 244,872	\$ 244,872	\$ -	\$ 3,498,197	7.00%

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

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

See accompanying notes to required supplementary information.

BRISTOL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL SUPPLEMENTAL PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2022

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total Supplemental Pension Liability</u>						
Service cost	\$ 2,480	\$ 2,332	\$ 1,816	\$ 15,937	\$ 17,665	\$ 17,665
Interest	4,364	5,704	11,916	16,862	28,793	28,793
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	18,639	-	(15,410)	-	-
Changes of assumptions or other input	(6,576)	80	8,039	(3,983)	-	-
Benefit payments	(68,569)	(104,227)	(113,662)	(117,432)	(249,713)	(307,066)
Net change in total supplemental pension liability	<u>(68,301)</u>	<u>(77,472)</u>	<u>(91,891)</u>	<u>(104,026)</u>	<u>(203,255)</u>	<u>(260,608)</u>
Total supplemental pension liability - beginning	<u>227,003</u>	<u>304,475</u>	<u>396,366</u>	<u>500,392</u>	<u>703,647</u>	<u>964,255</u>
Total supplemental pension liability - ending	<u>\$ 158,702</u>	<u>\$ 227,003</u>	<u>\$ 304,475</u>	<u>\$ 396,366</u>	<u>\$ 500,392</u>	<u>\$ 703,647</u>
Covered Payroll	\$ 160,860	\$ 160,860	\$ 157,490	\$ 157,490	\$ 1,403,548	\$ 1,403,550
Total supplemental pension liability as a percentage of covered payroll	98.66%	141.12%	193.33%	251.68%	35.65%	50.13%

*GASB Pronouncement 73 requires the presentation of the last 10 fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See accompanying notes to required supplementary information.

BRISTOL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2022

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB Liability</u>						
Service cost	\$ 5,884	\$ 7,401	\$ 5,901	\$ 3,682	\$ 4,224	\$ 4,224
Interest	6,836	8,144	16,156	5,989	25,616	25,616
Changes of benefit terms					-	-
Differences between expected and actual experience	-	16,559	-	474,020	-	-
Changes of assumptions or other input	(8,701)	(2,433)	16,496	(23,719)	-	-
Benefit payments	(57,864)	(116,204)	(161,716)	(156,629)	(379,268)	(292,694)
Net change in total OPEB liability	<u>(53,845)</u>	<u>(86,533)</u>	<u>(123,163)</u>	<u>303,343</u>	<u>(349,428)</u>	<u>(262,854)</u>
Total OPEB liability - beginning	<u>329,820</u>	<u>416,353</u>	<u>539,516</u>	<u>236,173</u>	<u>585,601</u>	<u>848,455</u>
Total OPEB liability - ending	<u>\$ 275,975</u>	<u>\$ 329,820</u>	<u>\$ 416,353</u>	<u>\$ 539,516</u>	<u>\$ 236,173</u>	<u>\$ 585,601</u>
Covered Payroll	\$ 4,568,157	\$ 4,568,157	\$ 4,391,853	\$ 4,391,853	\$ 145,601	\$ 145,603
Total OPEB liability as a percentage of covered payroll	6.04%	7.22%	9.48%	12.28%	162.21%	402.19%

*GASB Pronouncement 75 requires the presentation of the last 10 fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See accompanying notes to required supplementary information.

BRISTOL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

Note A - Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of for each fund as described in Note A to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with accounting principles generally accepted in the United States of America ("GAAP"). An explanation of the differences between Revenues, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis summarized below:

	General Fund	Special Education Fund
	<u> </u>	<u> </u>
Revenues		
Actual amounts (budgetary basis)	\$ 9,862,253	\$ 626,040
Reclassification of special education	626,040	(626,040)
Total Revenues (GAAP)	<u>10,488,293</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	8,779,380	1,775,161
Reclassification of special education	1,775,161	(1,775,161)
Total Expenditures	<u>10,554,541</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	1,082,873	(1,149,121)
Reclassification of special education	(1,149,121)	1,149,121
Excess of Revenues Over (Under) Expenditures (GAAP)	<u>(66,248)</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(1,150,121)	1,149,121
Reclassification of special education	1,149,121	(1,149,121)
Total Other Financing Sources (Uses) (GAAP)	<u>(1,000)</u>	<u>-</u>
Net Change in Fund Balance		
Actual amounts (budgetary basis and GAAP)	<u>(67,248)</u>	<u>-</u>
Fund Balance - Beginning of Year		
Actual amounts (budgetary basis and GAAP)	<u>2,912,630</u>	<u>-</u>
Fund Balance - End of Year		
Actual amounts (budgetary basis and GAAP)	<u>\$ 2,845,382</u>	<u>\$ -</u>

BRISTOL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2022

Note B - Budgetary Accounting and Control

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 object level in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by the School Board. There was no budget prepared for the trust and agency fund.

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

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

Note C - Excess of Actual Expenditures over Budget in Individual Funds

The following objects/funds had an excess of actual expenditures over budget for the year ended June 30, 2022:

General:

Regular curriculum	\$	45,242
Libraries and instructional		123,442
General administration		266
Business administration		62,185
Nonprogram		23,651
Operating transfer out		8,207

Special Education:

Special education instruction		312,439
Business administration		28,889
Nonprogram		32,462

BRISTOL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

Note D – Supplemental Pension Methods of Assumptions

No assets are accumulated in a trust to pay related benefits.

Changes of assumptions. No Significant changes in assumptions from prior year were noted.

Note E – Other-Post Employment Benefit Plan Information

No assets are accumulated in a trust to pay related benefits.

Changes of assumptions. No Significant changes in assumptions from prior year were noted.

Note F - Wisconsin Retirement System Pensions

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

Changes of assumptions. Based on a three-year study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

BRISTOL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note F - Wisconsin Retirement System Pensions - continued

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return	5.4%	5.4%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement	7.0%	7.0%	7.2%	7.2%	7.2%
Post-retirement	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation	3.0%	3.0%	3.2%	3.2%	3.2%
Seniority/Merit	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post Retirement Benefit Adjustments*:	1.9%	1.9%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

BRISTOL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note F - Wisconsin Retirement System Pensions - continued

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:				
Pre-retirement	7.2%	7.2%	7.2%	7.2%
Post-retirement	5.0%	5.0%	5.0%	5.0%
Salary Increases				
Wage Inflation	3.2%	3.2%	3.2%	3.2%
Seniority/Merit	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post Retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scaled BB to all future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scaled BB to all future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scaled BB to all future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women of the Wisconsin Projected Experience Table - 2005 for men.

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

SUPPLEMENTARY INFORMATION

**BRISTOL SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	<u>Special Revenue</u>				<u>Totals</u>
	<u>Capital Improvement</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Special Revenue Trust</u>	
<u>ASSETS</u>					
Cash and investments	\$ 1,000	\$ 164,250	\$ 2,693	\$ 61,365	\$ 229,308
Due from other governments	-	8,421	-	-	8,421
Inventory	-	5,989	-	-	5,989
TOTAL ASSETS	<u>1,000</u>	<u>178,660</u>	<u>2,693</u>	<u>61,365</u>	<u>243,718</u>
<u>LIABILITIES</u>					
Accounts payable	-	30,142	-	7,672	37,814
Deposits payable	-	38,928	-	-	38,928
TOTAL LIABILITIES	<u>-</u>	<u>69,070</u>	<u>-</u>	<u>7,672</u>	<u>76,742</u>
<u>FUND BALANCES</u>					
Nonspendable	-	5,989	-	-	5,989
Restricted	1,000	103,601	-	53,693	158,294
Assigned	-	-	2,693	-	2,693
TOTAL FUND BALANCES	<u>\$ 1,000</u>	<u>\$ 109,590</u>	<u>\$ 2,693</u>	<u>\$ 53,693</u>	<u>\$ 166,976</u>

**BRISTOL SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue</u>				<u>Totals</u>
	<u>Capital Improvement</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Special Revenue Trust</u>	
<u>REVENUES</u>					
Local	\$ -	\$ 9,366	\$ -	\$ 66,115	\$ 75,481
State	-	11,253	-	-	11,253
Federal	-	546,846	-	-	546,846
TOTAL REVENUES	<u>-</u>	<u>567,465</u>	<u>-</u>	<u>66,115</u>	<u>633,580</u>
<u>EXPENDITURES</u>					
Instruction - current	-	-	-	84,732	84,732
Instruction - capital outlay	-	26,222	-	-	26,222
Support service - current	-	431,653	-	-	431,653
TOTAL EXPENDITURES	<u>-</u>	<u>457,875</u>	<u>-</u>	<u>84,732</u>	<u>542,607</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer in (out)	1,000	-	-	-	1,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,000</u>	<u>109,590</u>	<u>-</u>	<u>(18,617)</u>	<u>91,973</u>
FUND BALANCES- BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>2,693</u>	<u>72,310</u>	<u>75,003</u>
FUND BALANCES- END OF YEAR	<u>\$ 1,000</u>	<u>\$ 109,590</u>	<u>\$ 2,693</u>	<u>\$ 53,693</u>	<u>\$ 166,976</u>

See Independent Auditors' Report

BRISTOL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Administering Agency/ Pass-Through Agency/ Award Description	Federal Assistance Listing Number	Pass-through Entity Number	Accrued Receivable 7/1/2021	Receipts Grantor Reimb	Expen- ditures	Accrued Receivable 6/30/2022	Subrecipient Awards
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>							
Passed through Wisconsin Department of Public Instruction							
<i>Child Nutrition Cluster</i>							
Donated Commodities - Noncash	10.555	N/A	\$ -	\$ 28,437	\$ 28,437	\$ -	\$ -
Food Service Aid - Breakfast	10.553	2022-300665-DPI-SB-546	7,600	131,760	126,281	2,121	-
Food Service Aid - Lunch	10.555	2022-300665-DPI-NSL-547	17,656	403,484	392,128	6,300	-
<i>Total Child Nutrition Cluster</i>			25,256	563,681	546,846	8,421	-
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE							
			25,256	563,681	546,846	8,421	-
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>							
Passed through Wisconsin Department of Public Instruction							
<i>Title I-A Cluster</i>							
Title I-A Basic Grant	84.010	2022-300665-TIA-141	51,244	69,721	24,548	6,071	-
<i>Covid-19 Funds</i>							
ESSER II	84.425D	2022-300665-DPI-ESSERFII-163	-	242,319	331,079	88,760	-
ESSER III	84.425D	2022-300665-DPI-ESSERFIII-165	-	-	212,438	212,438	-
<i>Total Covid-19 Funds</i>			-	242,319	543,517	301,198	-
<i>Special Education Cluster</i>							
IDEA Flow Through	84.027A	2022-300665-DPI-FLOW-341	190,834	190,834	170,039	170,039	-
IDEA Preschool	84.173A	2022-300665-DPI-PRESCH-P-347	5,238	8,059	8,647	5,826	-
<i>Total Special Education Cluster</i>			196,072	198,893	178,686	175,865	-
Title II-A	84.367A	2022-300665-TIIA-365	2,304	3,370	3,740	2,674	-
Title IV-A	84.424A	2022-300665-TIVA-DPI-381	13,931	22,851	16,069	7,149	-
Passed through CESA 2							
Title III	84.365A	2022-300665-DPI-TIIIA-391	-	723	723	-	-
TOTAL UNITED STATES DEPARTMENT OF EDUCATION							
			263,551	537,877	767,283	492,957	-
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Passed through Wisconsin Department of Health Services							
Medical Assistance Program	93.778	N/A	-	84,417	84,417	-	-
TOTAL FEDERAL AWARDS							
			\$ 288,807	\$ 1,185,975	\$ 1,398,546	\$ 501,378	\$ -

See accompanying notes to schedules of expenditures of federal and state awards.

BRISTOL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2022

Administering Agency/ Pass-Through Agency/ Award Description	State I.D. Number	Pass- through Entity Number	Accrued Receivable 7/1/2021	State Receipts	State Disbursements/ Expenditures	Accrued Receivable 6/30/2022	Subrecipient Awards
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>							
Special Education and School Age Parents**	255.101	300665-100	\$ -	\$ 330,892	\$ 330,892	\$ -	\$ -
Participant in Coop program at CESA #2	255.101	300665-100	-	6,625	6,625	-	-
Subtotal 255.101			-	337,517	337,517	-	-
Pupil Transportation	255.107	300665-102	-	21,504	21,504	-	-
Common School Fund Library Aid	255.103	300665-104	-	27,792	27,792	-	-
State School Lunch Aid	255.102	300665-107	-	8,680	8,680	-	-
State School Breakfast Aid	255.344	300665-108	-	2,573	2,573	-	-
Per Pupil Aid	255.945	300665-113	-	556,500	556,500	-	-
Equalization Aid	255.201	300665-116	60,980	3,942,838	3,881,858	-	-
Assessments of Reading Readiness	255.956	300665-166	-	4,103	4,103	-	-
Educator Effective Eval Sys	255.940	300665-154	4,800	4,800	4,400	4,400	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			65,780	4,906,307	4,844,927	4,400	-
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 65,780</u>	<u>\$ 4,906,307</u>	<u>\$ 4,844,927</u>	<u>\$ 4,400</u>	<u>\$ -</u>

** Total DPI aidable expenditures for the year ended June 30, 2022 were \$1,526,736.

BRISTOL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2022

Note A - Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2022. The information in the Schedules is presented in accordance with the requirements of the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction. Therefore, some amounts presented in the Schedules may differ from amounts presented in, or used in, the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on these Schedules.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded as liabilities when incurred. The District applies all GASB pronouncements in accounting and reporting.

Note C - Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Noncash Awards

The federal donated commodities in the Schedule of Expenditures of Federal Awards in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Public Instruction. Transactions related to this program are included in the basic financial statements. Commodities received during the fiscal year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. There are no balances outstanding as of June 30, 2022.

Note E - Subrecipients

There were no awards passed through to subrecipients.



**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
Bristol School District

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 Bristol School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2022.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of finding and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and responses as 2022-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2002-002, 2022-003 and 2022-004 to be significant deficiencies.

To the Board of Education
Bristol School District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

Bristol School District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

Sitzberger & Company LLC

Sitzberger & Company LLC
Lake Geneva, Wisconsin
December 14, 2022



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

To the Board of Education
Bristol School District

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Bristol School District (the "District")'s compliance with the types of compliance requirements described in the *OMB Compliance and the State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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 compliance requirements contained in *State Single Audit Guidelines* in the State of Wisconsin, and the compliance requirements of the *Wisconsin Department of Public Instruction in the Wisconsin Public School District Audit Manual*. Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

To the Board of Education
Bristol School District

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the district's compliance based on our audit. Reasonable assurance is a high level of assurance, but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and compliance with *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and *State Single Audit Guidelines*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of finding and questioned costs as items 2022-003, and 2022-005. Our opinion on each major federal or state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of noncompliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies in internal control over compliance that we consider to be material weaknesses.

To the Board of Education
Bristol School District

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

A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards and *State Single Audit Guidelines* require the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Sitzberger & Company LLC

Sitzberger & Company LLC
Lake Geneva, Wisconsin
December 14, 2022

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

2021-001 **Lack of Segregation of Duties**

Condition: A deficiency in the internal control component of the District’s activities currently affects the District’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America (GAAP). The District has not segregated the financial accounting duties among appropriate employees to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting.

Criteria: The District is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions consistent with the District’s assertions embodied in the financial statements.

Cause: The auditee is not in a financial position to be able to hire enough staff to ensure adequate segregation of duties. In addition, the size of the organization does not warrant hiring additional staff members.

Effect: The lack of segregation of duties could result in the possibility of undetected errors or irregularities in financial reporting.

Recommendation: It is important for management to be aware of this condition and to realize that the concentration of duties and responsibilities in one or two individuals is not desirable from a control standpoint. Under these conditions, the most effective controls rest in management’s knowledge and monitoring of matters relating to the District’s financial affairs.

Status: Repeat finding - See 2022-002

2021-002 **Financial Statement Preparation**

Condition: Sitzberger & Company LLC drafted the audited financial statements and related footnote disclosures for the District. It is management’s responsibility to provide for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and the auditors’ responsibility to determine the fairness of presentation. This deficiency could result in a misstatement that could have been prevented or detected by management.

Criteria: Internal controls over financial reporting should be in place to provide for the preparation of financial statements on an annual basis.

Effect: The District’s financial statements will be prepared by its auditor.

Recommendation: We recommend management continue using external sources to prepare the financial statements if cost of resources and training are not feasible for the District. The District should rely on its direct knowledge of the entity’s operations and continue to appoint a member of senior management to make management decisions including oversight as well as approving and taking responsibility of the financial statements prior to their release.

Status: Repeat finding - See 2022-003

BRISTOL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022
(continued)

2021-003 **Excess of Expenditures Over Budgeted Amounts**

Condition: Certain expenditure accounts of the District were expended over budgeted amounts.

Criteria: Wisconsin statutes require that disbursement orders not be issued in excess of appropriated amounts.

Cause: When expenditure accounts became fully depleted, there was no Board action to amend previously approved budgeted amounts.

Effect: There is no impact on the financial statements.

Recommendation: The District should monitor expenditures to ensure appropriate amendments are made to expenditures accounts over budget.

Status: Repeat finding - See 2022-004

2021-004 **Special Education – No Valid License**

Condition: The District had five staff members whose salaries and benefits were recorded and reported incorrectly as meeting all requirements for special education aid while their licensure on record with DPI merited inclusion in the No Valid License Report.

Criteria: The District has an obligation to employ appropriately licensed staff, including special education staff. Staff must be appropriately licensed for a special education work assignment listed in the state statute in order for their salary and benefits to be eligible for aid.

Cause: The District had five teachers whose salaries and benefits were recorded as aid eligible without proper documentation or licensure on file with DPI.

Effect: Amounts reported to Wisconsin DPI may be inaccurate and may have resulted in the District receiving more special education aid than it was entitled to receive. This potentially could make it necessary for the District to reimburse the Wisconsin DPI for aid received improperly.

Questioned Costs: Questioned costs associated with this finding totaled \$95,250. This includes \$61,000 in salaries and \$34,250 in benefits improperly claimed as eligible costs reported as part of the basis for the calculation of special education aid due to the District.

Recommendation: The District should review its procedures and processes that review, catalog, and retain documentation for their licensure of teachers employed by the District with additional emphasis that special education teachers and aids are appropriately licensed for the assignments that they are expected to teach.

Status: Repeat finding - See 2022-005

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal Control over Financial Reporting | |
| a. Material weakness(es) identified | Yes |
| b. Significant deficiency(ies) identified | Yes |
| 3. Noncompliance material to financial statements | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified? | Yes |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 7. Identification of major federal programs: | |

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<i>Child Nutrition Cluster</i>
10.553	School Breakfast
10.555	National School Lunch
	Donated Commodities
10.555	
	<i>Elementary and Secondary School</i>
	<i>Emergency Relief Fund</i>
84.425D	ESSER II
84.425D	ESSER III

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditors' Results (continued)

State Awards

- | | |
|---|------------|
| 10. Type of opinion issued on compliance for major programs | Unmodified |
| 11. Internal Control over Financial Reporting | |
| a. Material weakness(es) identified | No |
| b. Significant deficiency(ies) identified | Yes |
| 12. Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ? | Yes |
| 13. Dollar threshold used to distinguish between Type A and Type B programs: | \$250,000 |
| 14. Identification of major state programs: | |

<u>CFDA Number</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	<u>General Aids Cluster</u> General Equalization

Section II - Financial Statement Findings

2022-001

Material Audit Adjustments

<i>Condition:</i>	One or more audit adjustments were required to prevent the District's financial statements from being misstated.
<i>Criteria:</i>	Statements on Auditing Standards AU §314.41 states it is the responsibility of management to implement proper internal controls to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting.
<i>Cause:</i>	Inadequate controls in place to ensure proper recording of all the District's financial transactions in accordance with accounting principles generally accepted in the United States of America.
<i>Effect:</i>	Without the audit adjustments, the financial statements of the District would have been misstated.
<i>Recommendation:</i>	The District should review the nature of these entries to determine if they can be made before the audit process
<i>View of responsible Officials</i>	See attachment for District's corrective action plan.

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings (continued)

2022-002

Lack of Segregation of Duties

Condition: A deficiency in the internal control component of the District's activities currently affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America (GAAP). The District has not segregated the financial accounting duties among appropriate employees to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting.

Criteria: The District is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions consistent with the District's assertions embodied in the financial statements.

Cause: The auditee is not in a financial position to be able to hire enough staff to ensure adequate segregation of duties. In addition, the size of the organization does not warrant hiring additional staff members.

Effect: The lack of segregation of duties could result in the possibility of undetected errors or irregularities in financial reporting.

Recommendation: It is important for management to be aware of this condition and to realize that the concentration of duties and responsibilities in one or two individuals is not desirable from a control standpoint. Under these conditions, the most effective controls rest in management's knowledge and monitoring of matters relating to the District's financial affairs.

Identification of a repeat finding: This is a repeat finding from previous audits, see 2021-001.

View of responsible officials: See attachment for District's corrective action plan.

2022-003

Financial Statement Preparation

Condition: Sitzberger & Company LLC drafted the audited financial statements, including the SEFA and SESA and related footnote disclosures for the District. It is management's responsibility to provide for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and the auditors' responsibility to determine the fairness of presentation. This deficiency could result in a misstatement that could have been prevented or detected by management.

Criteria: Internal controls over financial reporting should be in place to provide for the preparation of financial statements on an annual basis.

Effect: The District's financial statements will be prepared by its auditor.

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2022

Effect: Amounts reported to Wisconsin DPI may be inaccurate and may have resulted in the District receiving more special education aid than it was entitled to receive. This potentially could make it necessary for the District to reimburse the Wisconsin DPI for aid received improperly.

Questioned Costs: Questioned costs associated with this finding totaled \$44,313. This includes \$38,756 in salaries and \$5,557 in benefits improperly claimed as eligible costs reported as part of the basis for the calculation of special education aid due to the District.

Recommendation: The District should review its procedures and processes that review, catalog, and retain documentation for their licensure of teachers employed by the District with additional emphasis that special education teachers and aids are appropriately licensed for the assignments that they are expected to teach.

Identification of a repeat finding: This is a repeat finding from previous audits, see 2021-004.

View of Responsible officials: See attachment for District's corrective action plan.

Section III - State Award Findings and Questioned Costs.

See 2022-005

Section IV - Federal Award Findings and Questioned Costs.

None

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2022

Section IV - Other Issues

- | | |
|---|---|
| 9. Does the auditors' report or notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 10. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the Wisconsin Public School District Audit Manual? | Yes |
| 11. Was a management letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 12. Name and signature | <i>Pattie Reda</i>
<hr/> Pattie Reda |
| 13. Date of Report | December 14, 2022 |



BRISTOL SCHOOL DISTRICT #1

Together - Growing • Learning • Succeeding

CORRECTIVE ACTION PLAN

Reference Number: 2022-001

Description: Material Audit Adjustments

Corrective Action Plan: The District will carefully review the audit adjusting entries to determine if these entries could be made during the year as part of the ordinary reporting process. The District will make those entries during the year as needed.

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Susan Jarvis, Business Manager at 262-857-2334.

Reference Number: 2022-002

Description: Lack of Segregation of Duties

Corrective Action Plan: The District will continue to use the following controls to compensate for this limitation:

- District Board approves all checks at monthly board meetings
- District Board approves all receipts at monthly board meetings
- District Administrator reviews and approves all payroll time sheets, invoices and bank reconciliations

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Susan Jarvis, Business Manager at 262-857-2334.

Reference Number: 2022-003

Description: Financial Statement Preparation

Corrective Action Plan: The District will continue to rely on the expertise of an accounting firm to prepare the financial statements, as the cost of training is not feasible for the District. The District will continue to review a draft of the financial statements and ask any questions prior to giving approval of the financial statements.

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Susan Jarvis, Business Manager at 262-857-2334.



BRISTOL SCHOOL DISTRICT #1

Together - Growing • Learning • Succeeding

Corrective Action Plan (continued)

Reference Number: 2022-004

Description: Excess of Expenditures over Budgeted Amounts

Corrective Action Plan: The District will continue to monitor expenditures to approve appropriate amendments for expenditures over budget and will implement safeguards to ensure that there are no further expenditures over budgeted amounts.

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Susan Jarvis, Business Manager at 262-857-2334.

Reference Number: 2022-005

Description: Special Education – No Valid License

Corrective Action Plan: The District will continue to recruit fully licensed staff and review licenses to ensure proper reporting of licensed teachers to the Wisconsin Department of Public Instruction.

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Susan Jarvis, Business Manager at 262-857-2334.