

BRISTOL SCHOOL DISTRICT

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2021

BRISTOL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Bristol School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

To the Board of Education
Bristol School District

Emphasis of Matter

Change in Accounting Principle

As described in Note M to the financial statements, the June 30, 2020 financial statements have been restated due to a change in accounting principle. The District adopted new accounting guidance, GASBS No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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 Government 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction, and are also not a required part of the basic financial statements.

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

To the Board of Education
Bristol School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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, S.C.

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
December 13, 2021

BRISTOL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 2,720,401
Receivables:	
Taxes	1,323,445
Accounts	6,995
Due from other governments	391,145
Prepaid expenditures	20,373
Inventory	5,195
Net pension asset	1,815,145
Capital Assets:	
Land	164,300
Construction in process	27,886
Other capital assets, net of depreciation	6,110,509
TOTAL ASSETS	12,585,394
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	2,876,705
Deferred outflows related to supplemental pension	9,359
Deferred outflows related to OPEB	359,913
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,245,977
<u>LIABILITIES</u>	
Accounts payable	149,256
Payroll liabilities	1,047,489
Current portion of long-term debt	290,000
Accrued interest on long-term debt	9,914
Long-term debt	1,178,000
Accrued compensated absences	40,784
OPEB liability	329,820
Supplemental pension liability	227,003
TOTAL LIABILITIES	3,272,266
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Revenues collected in advance	46,768
Deferred inflows related to pensions	3,974,204
Deferred inflows related to OPEB	18,793
TOTAL DEFERRED INFLOWS OF RESOURCES	4,039,765
<u>NET POSITION</u>	
Net investment in capital assets	4,806,809
Restricted for pension	717,646
Restricted for food service	-
Restricted for trust	72,310
Restricted for debt service	29,611
Restricted for capital projects	206,798
Unrestricted	2,686,166
TOTAL NET POSITION	\$ 8,519,340

See accompanying notes.

**BRISTOL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Program Activities	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction:				
Regular	\$ 4,580,788	\$ -	\$ 112,973	\$ (4,467,815)
Special education	984,177	33,259	565,751	(385,167)
Other	47,416	-	-	(47,416)
Total Instruction	<u>5,612,381</u>	<u>33,259</u>	<u>678,724</u>	<u>(4,900,398)</u>
Support Services:				
Pupil	355,322	33,870	-	(321,452)
Libraries and instructional	292,944	-	-	(292,944)
Administration	867,697	11,929	-	(855,768)
Operation and maintenance	975,649	-	-	(975,649)
Pupil transport	290,744	-	-	(290,744)
Food service	251,639	212,783	22,231	(16,625)
Other	739,715	-	-	(739,715)
Total Support Services	<u>3,773,710</u>	<u>258,582</u>	<u>22,231</u>	<u>(3,492,897)</u>
Debt Services	132,032	-	-	(132,032)
Nonprogram	16,019	-	-	(16,019)
Unallocated Depreciation	247,511	-	-	(247,511)
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$ 9,781,653</u></u>	<u><u>\$ 291,841</u></u>	<u><u>\$ 700,955</u></u>	<u><u>(8,788,857)</u></u>
<u>GENERAL REVENUES</u>				
Property taxes, levied for general purposes				3,573,842
Property taxes, levied for debt services				1,580,803
Federal and state aid not restricted to programs:				
General				5,295,671
Other				10,082
Investment income				164
Donations				20,122
Miscellaneous				16,315
TOTAL GENERAL REVENUES				<u>10,496,999</u>
CHANGE IN NET POSITION				<u>1,708,142</u>
NET POSITION - BEGINNING OF YEAR				6,745,851
Adjustment due to change in accounting principle				65,347
NET POSITION - BEGINNING OF YEAR, AS RESTATED				<u>6,811,198</u>
NET POSITION - END OF YEAR				<u><u>\$ 8,519,340</u></u>

See accompanying notes.

BRISTOL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<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	\$ 2,353,161	\$ 29,611	\$ 235,452	\$ 102,177	\$ 2,720,401
Receivables:		-			
Taxes	1,323,445	-	-	-	1,323,445
Accounts	2,777	-	-	4,218	6,995
Due from other governments	365,889	-	-	25,256	391,145
Prepaid expenditures	20,373	-	-	-	20,373
Inventory	-	-	-	5,195	5,195
TOTAL ASSETS	<u>4,065,645</u>	<u>29,611</u>	<u>235,452</u>	<u>136,846</u>	<u>4,467,554</u>
<u>LIABILITIES</u>					
Accounts payable	107,911	-	28,654	12,690	149,255
Withholdings and related fringes	414,668	-	-	2,385	417,053
Accrued payroll	630,436	-	-	-	630,436
Deposits payable	-	-	-	46,768	46,768
TOTAL LIABILITIES	<u>1,153,015</u>	<u>-</u>	<u>28,654</u>	<u>61,843</u>	<u>1,243,512</u>
<u>FUND BALANCES</u>					
Nonspendable	20,373	-	-	-	20,373
Restricted	-	29,611	206,798	75,003	311,412
Unassigned	2,892,257	-	-	-	2,892,257
TOTAL FUND BALANCES	<u>2,912,630</u>	<u>29,611</u>	<u>206,798</u>	<u>75,003</u>	<u>3,224,042</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,065,645</u>	<u>\$ 29,611</u>	<u>\$ 235,452</u>	<u>\$ 136,846</u>	<u>\$ 4,467,554</u>

See accompanying notes.

BRISTOL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,224,042

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	15,232,475	
Accumulated depreciation	<u>(8,929,780)</u>	
		6,302,695

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.

1,815,145

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

(227,003)

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

(329,820)

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

WRS pension outflows	2,876,705	
Supplemental pension outflows	9,359	
OPEB outflows	359,913	
WRS pension inflows	(3,974,204)	
OPEB inflows	<u>(18,793)</u>	
		(747,020)

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	(1,468,000)
Accrued compensated absences	(40,784)

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.

(9,915)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 8,519,340

See accompanying notes.

BRISTOL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<u>REVENUES</u>					
Local	\$ 3,620,569	\$ 1,580,803	\$ 11	\$ 48,223	\$ 5,249,606
Interdistrict	848,220	-	-	-	848,220
Intermediate	948	-	-	-	948
State	4,827,560	-	-	3,591	4,831,151
Federal	340,233	-	-	203,323	543,556
Other	16,315	-	-	-	16,315
TOTAL REVENUES	9,653,845	1,580,803	11	255,137	11,489,796
<u>EXPENDITURES</u>					
Instruction:					
Current	5,893,656	-	-	13,159	5,906,815
Capital outlay	-	-	-	10,111	10,111
Support Services:					
Current	3,349,983	-	329,913	241,173	3,921,069
Capital outlay	-	-	125,155	-	125,155
Debt Service	-	1,631,097	-	-	1,631,097
TOTAL EXPENDITURES	9,243,639	1,631,097	455,068	264,443	11,594,247
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	410,206	(50,294)	(455,057)	(9,306)	(104,451)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	742,037	-	-	15,306	757,343
Operating transfers (out)	(757,343)	-	-	-	(757,343)
TOTAL OTHER FINANCING SOURCES (USES)	(15,306)	-	-	15,306	-
NET CHANGE IN FUND BALANCES	394,900	(50,294)	(455,057)	6,000	(104,451)
FUND BALANCES -					
BEGINNING OF YEAR	2,517,730	79,905	661,855	3,656	3,263,146
Adjustment due to change in accounting principle	-	-	-	65,347	65,347
FUND BALANCES - BEGINNING OF YEAR AS RESTATED	2,517,730	79,905	661,855	69,003	3,328,493
FUND BALANCES - END OF YEAR	\$ 2,912,630	\$ 29,611	\$ 206,798	\$ 75,003	\$ 3,224,042

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, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (104,451)

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	(455,661)	
Capital outlays	125,155	
	(330,506)	(330,506)

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		1,500,000
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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.

(935)

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		(10,452)
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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.

519,103

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.

52,567

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.

82,816

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 1,708,142**

See accompanying notes.

BRISTOL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2021

	Agency Fund
<u>ASSETS</u>	
Cash and investments	\$ -
TOTAL ASSETS	-
 <u>LIABILITIES</u>	
Due to student organizations	-
TOTAL LIABILITIES	-

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 JUNE 30, 2021

<u>ADDITIONS</u>	\$ -
<u>DEDUCTIONS</u>	65,346
<u>NET POSITION, July 1, 2020</u>	65,346
<u>NET POSITION, June 30, 2021</u>	\$ -

See accompanying notes.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District has no business-type activities that rely, to a significant degree, on fees and charges for support.

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, 2021

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 and fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, the latter are excluded from the district-wide financial statements. Since the resources in the fiduciary funds cannot be used for district operations they are not included in the district-wide financial statements. 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.

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

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. Most federal and some state financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The District uses the following special revenue funds:

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.

Fiduciary Funds

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District’s agency fund is the Student Activity Fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide and fiduciary fund 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, 2021

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.

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.

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 companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.

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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

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 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.

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. Building, 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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

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.

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 was no amount 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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

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.

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

Restricted fund balance – includes amounts that have constraints placed upon the use of the resources either by an external party such as creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through a constitutional provision or enabling legislation. The fund balance for the spendable portion in the debt service funds, capital projects fund, food service fund, community service fund, and employee trust fund shall be classified as restricted. Except where the board expressly directs a different order of expenditures of fund balance amounts in connection with approving a specific expense or payment, fund balance resources shall be spent in the following order when various funding sources are available for a particular purpose: (1) committed fund balance; (2) assigned fund balances; (3) unassigned fund balances; and (4) restricted fund balances.

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.

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.

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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

Fund Balance of a special revenue fund, where donations and contributions received from an individual or organization, shall be committed 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.

Subsequent Events

Subsequent events have been evaluated through December 1, 2020, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. There were no subsequent events required to be disclosed for the year ended June 30, 2021.

Note B - Cash and Investments

The District's cash and investments at June 30, 2021 consisted of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Custodial Risk:			
Checking and savings	\$ 2,400,625	\$ -	\$ 2,400,625
Wisconsin Local Government Investment Pool	-	12,915	12,915
Certificates of deposit	-	306,361	306,361
Petty cash	500	-	500
Total cash and investments	<u>\$ 2,401,125</u>	<u>\$ 319,276</u>	<u>\$ 2,720,401</u>

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

Per Statement of Net Position

Cash and investments \$ 2,720,401

Per Statement of Fiduciary Net Position

Agency Fund -

Total cash and investments \$ 2,720,401

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note B - Cash and Investments (continued)

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 entity 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.

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 \$2,817,276 and the bank balance was \$2,981,840 of which \$900,000 was fully insured and \$2,081,840 was uninsured. The bank has pledged US Treasury Notes with market value of \$628,559 as collateral for parts of the uninsured deposit. 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.

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.

Fair Value Measurements

The District categorizes the fair value measurements of its 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				
	Level 1	Level 2	Level 3	Exempt	Total
LGIP	\$ -	\$ -	\$ -	\$ 12,915	\$ 12,915
Certificates of deposit	306,361	-	-	-	306,361
Total	\$ 306,361	\$ -	\$ -	\$ 12,915	\$ 319,276

LGIP is exempt from disclosure due to investments being valued at amortized cost.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note C - Capital Assets

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

	Balances Beginning	Additions	Deletions	Balances Ending
Capital assets not being depreciated:				
Land	\$ 164,300	\$ -	\$ -	\$ 164,300
Construction in process	-	27,886	-	27,886
Total capital assets not being depreciated	164,300	27,886	-	192,186
Capital assets being depreciated:				
Buildings and improvements	12,703,966	97,269	-	12,801,235
Equipment	2,239,054	-	-	2,239,054
Total capital assets being depreciated	14,943,020	97,269	-	15,040,289
Less: accumulated depreciation	(8,474,119)	(455,661)	-	(8,929,780)
Net capital assets being depreciated	6,468,901	(358,392)	-	6,110,509
Governmental activities capital assets, net	\$ 6,633,201	\$ (330,506)	\$ -	\$ 6,302,695

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

Regular instruction	\$ 172,715
Special education instruction	3,694
Operation and maintenance	28,274
Food service	3,467
Unallocated depreciation	247,511
Total depreciation of governmental activities	<u>\$ 455,661</u>

Note D – Long-term Debt

Long-term obligations of the District are as follows:

<u>Type</u>	Balances Beginning	Additions	Reductions	Balances Ending	Amounts Due Within One Year
General obligation debt	\$ 2,968,000	\$ -	\$ 1,500,000	\$ 1,468,000	\$ 290,000
Compensated absences	30,332	10,452	-	40,784	-
Other post-employment benefits	416,353	29,671	116,204	329,820	-
Supplemental pension	304,475	26,755	104,227	227,003	-
Total	<u>\$ 3,719,160</u>	<u>\$ 66,878</u>	<u>\$ 1,720,431</u>	<u>\$ 2,065,607</u>	<u>\$ 290,000</u>

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note D – Long-term Debt (continued)

General Obligation Debt

General obligation debt at June 30, 2021, 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 6/30/2021</u>
G.O. School Improvement Bonds	06/18/13	2.00 – 3.50%	05/01/29	\$ 835,000
G.O. Promissory Notes	05/20/20	1.35 – 1.85%	05/01/30	633,000
Total General Obligation Debt				<u>\$ 1,468,000</u>

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

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 290,000	\$ 43,548	\$ 333,548
2023	301,000	22,090	323,090
2024	306,000	16,337	322,337
2025	102,000	10,463	112,463
2026	42,000	8,354	50,354
2027-2031	427,000	26,398	453,398
Total	<u>\$ 1,468,000</u>	<u>\$ 127,188</u>	<u>\$ 1,595,188</u>

Debt Defeasance: The District defeased \$1,215,000 of the 2013 G.O. School Improvement Bonds by placing \$1,272,699 of District funds in an irrevocable trust account to provide for a portion of the future principal and interest debt service payments on the these bonds. The funds contributed by the District to fund the defeasance transaction were funds on deposit and are not derived from any tax-exempt borrowing by the District. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. As a result of the defeasance, the District reduced its total debt service requirements by \$1,390,213, which resulted in an economic gain of \$117,513.

At June 30, 2021, \$2,655,000 of defeased bonds remained outstanding.

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,218,920,294. The legal debt limit and margin of indebtedness as of June 30, 2020, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows.

Debt limit (5% of \$1,218,920,294)	\$ 60,946,014
Deduct long-term debt applicable to debt margin	<u>(1,468,000)</u>
<i>Margin of indebtedness</i>	<u>\$ 59,478,014</u>

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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note E - Defined Benefit Pension Plan (continued)

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

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

Benefits provided. Employees who retire at or after age 65 (54 for protective 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. The Core and Variable annuity adjustments granted during recent years are as follows:

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

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note E - Defined Benefit Pension Plan (continued)

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 \$341,834 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2021, the District reported a liability (asset) of (\$1,815,145) for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2020, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the Net Pension Liability (Asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.02907424%, which was an increase of 0.00124551% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of \$193,925.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,627,072	\$ 565,866
Net differences between projected and actual earnings on pension plan investments	-	3,407,787
Changes in assumptions	41,171	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,650	551
Employer contributions subsequent to the measurement date	195,812	-
	<u>\$ 2,876,705</u>	<u>\$ 3,974,204</u>

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note E - Defined Benefit Pension Plan (continued)

The amount of \$195,812 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
2021	\$ 1,688,201	\$ 2,020,696
2022	1,429,490	1,516,974
2023	630,072	1,243,980
2024	263,094	522,518
2025	-	-

Actuarial assumptions. The Total Pension Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note E - Defined Benefit Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

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

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (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, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note E - Defined Benefit Pension Plan (continued)

Sensitivity of the District's proportionate share of the Net Pension Liability (Asset) to changes in the discount rate. The following presents the District's proportionate share of the Net Pension Liability (Asset) calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$ 1,727,766	\$ (1,815,145)	\$ (4,417,387)

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>

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.

Benefits Provided. There were 2 retired employees in the plan as of June 30, 2021, 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.

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	\$ 2,332
Interest	5,704
Differences between expected and actual experience	18,639
Changes of assumptions or other input	80
Benefit payments	(104,227)
Net change in total supplemental pension liability	(77,472)
Total supplemental pension liability - beginning of year	304,475
Net change in total supplemental pension liability	(77,472)
Total supplemental pension liability - end of year	\$ 227,003

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note F – Supplemental Pension Plan (continued)

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, 2021
Reporting date	June 30, 2021
Actuarial cost method	Entry Age Normal (level percent of salary)
Discount rate*	2.25% (based upon all years of projected payments discounted at a municipal bond rate of 2.25%)
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 2.00%

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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate 1.25%	Current Discount Rate 2.25%	1% Increase to Discount Rate 3.25%
Total supplemental pension liability	\$ 231,612	\$ 227,003	\$ 222,445

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, the District recognized pension expense of \$21,415.

At June 30, 2021, 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	\$ 9,319	\$ -
Changes of assumptions or other input	40	-
Total	<u>\$ 9,359</u>	<u>\$ -</u>

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

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
2022	\$ 9,359
2023	-
2024	-
2025	-
2026	-
Thereafter	-

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 and individual self-pays 100% of the premium cost, the valuation also includes the difference between the premiums 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

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note G – Other Post-employment Benefits (continued)

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.

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.

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	\$ 7,401
Interest	8,144
Differences between expected and actual experience	16,559
Changes of assumptions or other input	(2,433)
Benefit payments	(116,204)
Net change in total OPEB liability	(86,533)
Total OPEB liability - beginning of year	416,353
Net change in total OPEB liability	(86,533)
Total OPEB liability - end of year	\$ 329,820

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note G – Other Post-employment Benefits (continued)

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, 2021
Reporting date	June 30, 2021
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*	2.25% (based upon all years of projected payments discounted at a municipal bond rate of 2.25%)
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 2.00%

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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate 1.25%	Current Discount Rate 2.25%	1% Increase to Discount Rate 3.25%
Total OPEB liability	\$ 338,735	\$ 329,820	\$ 320,964

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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) 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	\$ 323,464	\$ 329,820	\$ 336,423

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

Note G – Other Post-employment Benefits (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2021, the District recognized OPEB expense of \$63,638. At June 30, 2021, 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	\$ 346,717	\$ -
Changes of assumptions or other input	13,196	18,793
Total	\$ 359,913	\$ 18,793

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
2022	\$ 48,093
2023	48,093
2024	48,093
2025	48,093
2026	48,093
Thereafter	100,655

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.

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, 2021 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.

BRISTOL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

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:

	Nonspendable	Restricted
General fund:		
Prepaid expenditures	\$ 20,373	\$ -
Debt service	-	29,611
Capital projects	-	206,798
Special revenue trust	-	72,310
Community service	-	2,693
Total	\$ 20,373	\$ 311,412

Note L - Effect of New Accounting Standards on Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest-cost Incurred Before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

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

Note M – Prior Period Adjustment

	Agency Fund	Special Revenue Trust
Net position/fund balance as previously stated at June 30, 2020	\$ -	\$ -
Due to student organizations	65,347	
Reclassification of funds due to implementation of GASB No. 84	(65,347)	65,347
Net position/fund balance as restated at July, 1 2020	\$ -	\$ 65,347

REQUIRED SUPPLEMENTARY INFORMATION

**BRISTOL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	<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>				
Local	\$ 3,642,053	\$ 3,642,053	\$ 3,620,569	\$ (21,484)
Interdistrict	815,598	815,598	813,126	(2,472)
Intermediate	-	-	948	948
State	4,501,756	4,501,756	4,492,627	(9,129)
Federal	129,682	129,682	111,926	(17,756)
Other	15,683	15,683	16,315	632
TOTAL REVENUES	<u>9,104,772</u>	<u>9,104,772</u>	<u>9,055,511</u>	<u>(49,261)</u>
<u>EXPENDITURES</u>				
Instruction:				
Undifferentiated curriculum	2,590,986	2,590,986	2,564,158	26,828
Regular curriculum	1,557,598	1,557,598	1,534,396	23,202
Physical curriculum	216,007	216,007	215,909	98
Co-curricular activities	40,076	40,076	37,275	2,801
Support Services:				
Pupil services	240,978	240,978	222,891	18,087
Libraries and instructional	271,584	271,584	220,422	51,162
General administration	354,040	354,040	347,028	7,012
School building administration	512,044	512,044	506,062	5,982
Business administration	1,198,108	1,198,108	1,149,503	48,605
Central services	137,092	137,092	79,856	57,236
Insurance and judgments	89,581	89,581	80,440	9,141
Other support services	566,459	566,459	480,501	85,958
Other	963	963	963	-
Nonprogram	463,269	463,269	463,864	(595)
TOTAL EXPENDITURES	<u>8,238,785</u>	<u>8,238,785</u>	<u>7,903,268</u>	<u>335,517</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>865,987</u>	<u>865,987</u>	<u>1,152,243</u>	<u>286,256</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfer in (out)	(832,924)	(832,924)	(757,343)	75,581
TOTAL OTHER FINANCING SOURCES (USES)	<u>(832,924)</u>	<u>(832,924)</u>	<u>(757,343)</u>	<u>75,581</u>
NET CHANGE IN FUND BALANCE	<u>\$ 33,063</u>	<u>\$ 33,063</u>	394,900	<u>\$ 361,837</u>
FUND BALANCE - BEGINNING OF YEAR			<u>2,517,730</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,912,630</u>	

See accompanying notes to required supplementary information.

**BRISTOL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interdistrict	\$ 35,302	\$ 35,302	\$ 35,094	\$ (208)
State	334,933	334,933	334,933	-
Federal	236,467	236,467	228,307	(8,160)
TOTAL REVENUES	<u>606,702</u>	<u>606,702</u>	<u>598,334</u>	<u>(8,368)</u>
<u>EXPENDITURES</u>				
Instruction:				
Special education	992,914	992,914	937,005	55,909
Support Services:				
Pupil services	145,965	145,965	160,505	(14,540)
Libraries and instructional	94,022	94,022	93,060	962
Business administration	13,461	13,461	9,716	3,745
Nonprogram	160,340	160,340	140,085	20,255
TOTAL EXPENDITURES	<u>1,406,702</u>	<u>1,406,702</u>	<u>1,340,371</u>	<u>66,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(800,000)</u>	<u>(800,000)</u>	<u>(742,037)</u>	<u>57,963</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfer in (out)	800,000	800,000	742,037	(57,963)
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
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
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, 2021

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total Supplemental Pension Liability</u>					
Service cost	\$ 2,332	\$ 1,816	\$ 15,937	\$ 17,665	\$ 17,665
Interest	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	80	8,039	(3,983)	-	-
Benefit payments	(104,227)	(113,662)	(117,432)	(249,713)	(307,066)
Net change in total supplemental pension liability	<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>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>\$ 227,003</u>	<u>\$ 304,475</u>	<u>\$ 396,366</u>	<u>\$ 500,392</u>	<u>\$ 703,647</u>
Covered Payroll	\$ 157,490	\$ 157,490	\$ 157,490	\$ 1,403,548	\$ 1,403,550
Total supplemental pension liability as a percentage of covered payroll	144.14%	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, 2021

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB Liability</u>					
Service cost	\$ 7,401	\$ 5,901	\$ 3,682	\$ 4,224	\$ 4,224
Interest	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	(2,433)	16,496	(23,719)	-	-
Benefit payments	(116,204)	(161,716)	(156,629)	(379,268)	(292,694)
Net change in total OPEB liability	<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>416,353</u>	<u>539,516</u>	<u>236,173</u>	<u>585,601</u>	<u>848,455</u>
Total OPEB liability - ending	<u>\$ 329,820</u>	<u>\$ 416,353</u>	<u>\$ 539,516</u>	<u>\$ 236,173</u>	<u>\$ 585,601</u>
Covered Payroll	\$ 4,391,853	\$ 4,391,853	\$ 4,391,853	\$ 145,601	\$ 145,603
Total OPEB liability as a percentage of covered payroll	7.51%	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, 2021

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:

	<u>General Fund</u>	<u>Special Education Fund</u>
Revenues		
Actual amounts (budgetary basis)	\$ 9,055,511	\$ 598,334
Reclassification of special education	598,334	(598,334)
Total Revenues (GAAP)	<u>9,653,845</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	7,903,268	1,340,371
Reclassification of special education	1,340,371	(1,340,371)
Total Expenditures	<u>9,243,639</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	1,152,243	(742,037)
Reclassification of special education	(742,037)	742,037
Excess of Revenues Over (Under) Expenditures (GAAP)	<u>410,206</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(757,343)	742,037
Reclassification of special education	742,037	(742,037)
Total Other Financing Sources (Uses) (GAAP)	<u>(15,306)</u>	<u>-</u>
Net Change in Fund Balance		
Actual amounts (budgetary basis and GAAP)	<u>394,900</u>	<u>-</u>
Fund Balance - Beginning of Year		
Actual amounts (budgetary basis and GAAP)	<u>2,517,730</u>	<u>-</u>
Fund Balance - End of Year		
Actual amounts (budgetary basis and GAAP)	<u>\$ 2,912,630</u>	<u>\$ -</u>

BRISTOL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

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, 2021:

General:		
Nonprogram	\$	595
Special Education:		
Pupil services		14,540

Note D - Wisconsin Retirement System

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

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

BRISTOL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

Note E – 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 F – 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.

SUPPLEMENTARY INFORMATION

**BRISTOL SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	<u>Special Revenue</u>			<u>Totals</u>
	<u>Food Service</u>	<u>Community Service</u>	<u>Special Revenue Trust</u>	
<u>ASSETS</u>				
Cash and investments	\$ 28,029	\$ 2,693	\$ 71,455	\$ 102,177
Due from other governments	25,256	-	-	25,256
Accounts receivable	-	-	4,218	4,218
Inventory	5,195	-	-	5,195
TOTAL ASSETS	<u>58,480</u>	<u>2,693</u>	<u>75,673</u>	<u>136,846</u>
<u>LIABILITIES</u>				
Accounts payable	9,327		3,363	12,690
Accrued payroll and benefits	2,385	-	-	2,385
Deposits payable	46,768	-	-	46,768
TOTAL LIABILITIES	<u>58,480</u>	<u>-</u>	<u>3,363</u>	<u>61,843</u>
<u>FUND BALANCES</u>				
Restricted	-	2,693	72,310	75,003
TOTAL FUND BALANCES	<u>-</u>	<u>2,693</u>	<u>72,310</u>	<u>75,003</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,480</u>	<u>\$ 2,693</u>	<u>\$ 75,673</u>	<u>\$ 136,846</u>

**BRISTOL SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	<u>Special Revenue</u>			<u>Totals</u>
	<u>Food Service</u>	<u>Community Service</u>	<u>Special Revenue Trust</u>	
<u>REVENUES</u>				
Local	\$ 28,101	\$ -	\$ 20,122	\$ 48,223
State	3,591	-	-	3,591
Federal	203,323	-	-	203,323
TOTAL REVENUES	<u>235,015</u>	<u>-</u>	<u>20,122</u>	<u>255,137</u>
<u>EXPENDITURES</u>				
Instruction - current	-	-	13,159	13,159
Instruction - capital outlay	10,111	-	-	10,111
Support service - current	241,173	-	-	241,173
TOTAL EXPENDITURES	<u>251,284</u>	<u>-</u>	<u>13,159</u>	<u>264,443</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out)	15,306	-	-	15,306
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,306</u>	<u>-</u>	<u>-</u>	<u>15,306</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(963)	-	6,963	6,000
FUND BALANCES-BEGINNING OF YEAR	963	2,693	-	3,656
Adjustment due to change in accounting principle	-	-	65,347	65,347
FUND BALANCES-BEGINNING OF YEAR AS RESTATED	<u>963</u>	<u>2,693</u>	<u>65,347</u>	<u>69,003</u>
FUND BALANCES-END OF YEAR	<u>\$ -</u>	<u>\$ 2,693</u>	<u>\$ 72,310</u>	<u>\$ 75,003</u>

BRISTOL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2021

	Balance Beginning	Receipts	Disbursements	Balance Ending
<u>ASSETS</u>				
Cash and investments	\$ 65,346	\$ -	\$ 65,346	\$ -
<u>LIABILITIES</u>				
Due to student organizations	\$ 65,346	\$ -	\$ 65,346	\$ -

BRISTOL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Administering Agency/ Pass-Through Agency/ Award Description	Federal Catalog Number	Pass-through Entity Number	Accrued Receivable 7/1/2020	Receipts Grantor Reimb	Expen- ditures	Accrued Receivable 6/30/2021	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	\$ -	\$ 22,231	\$ 22,231	\$ -	\$ -
Food Service Aid - Breakfast	10.553	2021-646013-DPI-SB-SEVERE-546	463	23,923	31,060	7,600	-
Food Service Aid - Lunch	10.555	2021-646013-DPI-NSL-547	891	133,267	150,032	17,656	-
<i>Total Child Nutrition Cluster</i>			<u>1,354</u>	<u>179,421</u>	<u>203,323</u>	<u>25,256</u>	<u>-</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			<u>1,354</u>	<u>179,421</u>	<u>203,323</u>	<u>25,256</u>	<u>-</u>
<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	2021-646013-TIA-141	48,633	48,633	51,244	51,244	-
<i>Covid-19 Funds</i>							
ESSER Funds	84.425D	2021-646013-DPI-ESSERF-160	-	-	43,771	43,771	-
<i>Special Education Cluster</i>							
IDEA Flow Through	84.027A	2021-646013-DPI-IDEA-F-341	110,222	110,222	190,834	190,834	-
IDEA Preschool	84.173A	2021-646013-DPI-IDEA-P-347	450	450	5,238	5,238	-
<i>Total Special Education Cluster</i>			<u>110,672</u>	<u>110,672</u>	<u>196,072</u>	<u>196,072</u>	<u>-</u>
Title II-A	84.367A	2021-646013-TIIA-365	12,070	12,070	2,304	2,304	-
Title IV-A	84.424A	2021-646013-TIVA-DPI-381	9,800	9,800	13,931	13,931	-
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			<u>181,175</u>	<u>181,175</u>	<u>307,322</u>	<u>307,322</u>	<u>-</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Passed through Wisconsin Department of Health Services							
Medical Assistance Program	93.778	N/A	-	32,911	32,911	-	-
TOTAL FEDERAL AWARDS			<u>\$ 182,529</u>	<u>\$ 393,507</u>	<u>\$ 543,556</u>	<u>\$332,578</u>	<u>\$ -</u>

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, 2021

Administering Agency/ Pass-Through Agency/ Award Description	State I.D. Number	Pass- through Entity Number	Accrued Receivable 7/1/2020	State Receipts	State Disbursements/ Expenditures	Accrued Receivable 6/30/2021	Subrecipient Awards
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>							
Special Education and School Age Parents**	255.101	300665-100	\$ -	\$ 334,933	\$ 334,933	\$ -	\$ -
Participant in Coop program at CESA #2	255.101	300665-100	-	5,127	5,127	-	-
Subtotal 255.101			-	340,060	340,060	-	-
Pupil Transportation	255.107	300665-102	-	22,277	22,277	-	-
Common School Fund Library Aid	255.103	300665-104	-	26,305	26,305	-	-
State School Lunch Aid	255.102	300665-107	-	2,753	2,753	-	-
State School Breakfast Aid	255.344	300665-108	-	837	837	-	-
Per Pupil Aid	255.945	300665-113	-	550,564	550,564	-	-
Equalization Aid	255.201	300665-116	57,366	3,855,737	3,859,351	60,980	-
Assessments of Reading Readiness	255.956	300665-166	-	3,255	3,255	-	-
Educator Effective Eval Sys	255.940	300665-154	-	-	4,800	4,800	-
Supplemental Per Pupil Aid	255.245	300665-181	-	2,255	2,255	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			57,366	4,804,043	4,812,457	65,780	-
<u>WISCONSIN DEPARTMENT OF JUSTICE</u>							
Safety Grant	455.206	Unknown	18,092	20,119	2,027	-	-
TOTAL WISCONSIN DEPARTMENT OF JUSTICE			18,092	20,119	2,027	-	-
TOTAL EXPENDITURES OF STATE AWARDS			\$ 75,458	\$ 4,824,162	\$ 4,814,484	\$ 65,780	\$ -

** Total DPI aidable expenditures for the year ended June 30, 2021 were \$277,181

BRISTOL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2021

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, 2021. The information in this schedule 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 this schedule 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 this schedule.

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.



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**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 North Cape School District (the "District") as of and for the year ended June 30, 2020, 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 13, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001, 2021-002 and 2021-003 that we consider to be significant deficiencies.

To the Board of Education
Bristol School District

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 responses. 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, S.C.

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
December 13, 2021



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION**

To the Board of Education
Bristol School District

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

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

To the Board of Education
Bristol School District

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the deficiency described in the accompanying schedule of findings and questioned costs as 2021-004 to be a significant deficiency.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of testing based on requirements of the *Wisconsin Public School Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Sitzberger & Company, S.C.

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
December 13, 2021

BRISTOL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

2020-001

Lack of Segregation of Duties

Condition: The District does not maintain proper segregation of duties.

Criteria: Duties should be spread amongst the staff to ensure that no one staff person has control over an entire portion of an accounting process.

Cause: The size of the District does not make it feasible to hire sufficient staff required for proper segregation of duties.

Effect: The lack of segregation of duties could result in the override of management controls.

Recommendation: The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

View of responsible officials: The District will segregate the duties as much as possible and maintain sufficient management oversight.

Status: See 2021-001

2020-002

Financial Statement Preparation

Condition: The District has the audit firm prepare the financial statements.

Criteria: Staff should be sufficiently knowledgeable to prepare the financial statements and related footnotes.

Cause: The size of the District does not make it feasible to hire sufficient staff required for the preparation of the financial statements.

Effect: The audit firm's preparation of the financial statements removes a level of oversight on the part of the District.

Recommendation: The District's staff should obtain sufficient training to become knowledgeable in the preparation of the financial statements.

View of responsible officials: The District will seek additional training to better understand the financial statement concepts.

Status: See 2021-002

BRISTOL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
YEAR ENDED JUNE 30, 2021

2020-003

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: See 2021-003

**BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

I. Summary of Auditors' Results

Financial Statements

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued | Unmodified |
| 2. | Internal Control over Financial Reporting | |
| | a. Material weaknesses identified | No |
| | b. Significant deficiency(s) identified that are not considered to be material weaknesses | Yes |
| 3. | Noncompliance material to financial statements | No |

State Awards

- | | | |
|----|---|---------------|
| 4. | Type of opinion issued on compliance for major programs | Unmodified |
| 5. | Internal Control over Financial Reporting | |
| | a. Material weaknesses identified | No |
| | b. Significant deficiency(s) identified that are not considered to be material weaknesses | None reported |
| 6. | Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ? | Yes |
| 7. | Type A threshold | \$250,000 |

8. Identification of Major State Program

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

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2021

II. Financial Statement Findings

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.

2021-002

Financial Statement Preparation

Condition: Sitzberger & Company, S.C. 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.

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2021

2020-003 **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.

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.

BRISTOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2021

III. State Award Findings and Questioned Costs.

There were no findings required to be reported related to the State Awards Programs.

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 | <u><i>Pattie Reda</i></u>
Pattie Reda |
| 13. Date of Report | December 13, 2021 |



BRISTOL SCHOOL DISTRICT #1

Together - Growing • Learning • Succeeding

CORRECTIVE ACTION PLAN

Reference Number: 2021-001

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: 2021-002

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.

Reference Number: 2021-003

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.



BRISTOL SCHOOL DISTRICT #1

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Corrective Action Plan (continued)

Reference Number: 2021-004

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.