

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	4
STATEMENT OF ACTIVITIES	5
BALANCE SHEET – GOVERNMENTAL FUNDS	6
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES	7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS	8
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES	9
STATEMENT OF NET POSITION – FIDUCIARY FUNDS	10
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS	11
NOTES TO BASIC FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	39
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN (ASSET) LIABILITY – LAST TEN FISCAL YEARS	40
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO WISCONSIN RETIREMENT SYSTEM PENSION PLAN – LAST TEN FISCAL YEARS	41
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN – LAST TEN FISCAL YEARS	42
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN – LAST TEN FISCAL YEARS	43
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	44

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	45
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	46
COMBINING BUDGETARY COMPARISON SCHEDULE – FUND 10 AND FUND 27	47
BUDGETARY COMPARISON SCHEDULE – FUND 10	48
BUDGETARY COMPARISON SCHEDULE – FUND 27	49

SINGLE AUDIT SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	50
SCHEDULE OF STATE FINANCIAL ASSISTANCE	51
NOTES TO EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	52
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 <i>GOVERNMENT AUDITING STANDARDS</i>	53
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY <i>THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES</i>	55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	57

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
School District of Cornell
Cornell, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Cornell, Wisconsin (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 the 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 of material misstatement.

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

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

Opinions

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

Emphasis of a Matter

During fiscal year ending June 30, 2021, the District restated beginning net position of the governmental activities for the District's single-employer plan net OPEB asset and multiple-employer plan net OPEB liability and related deferred outflows/inflows of resources that were previously unrecorded, as well as corrected the compensated absences balance (see Note 3.K). Our auditors' opinion was not modified with respect to this restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, pension schedules, and other postemployment benefit schedules 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 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of 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.

The District has omitted a management's discussion and analysis and single-employer plan OPEB schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 Matters (Continued)

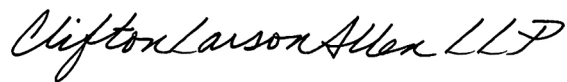
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual and combining fund statements and schedules, as referenced in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and the schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, respectively, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual and combining fund statements and schedules, the schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use 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 information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of District's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, 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 School District of Cornell's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
December 13, 2021

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 6,459,689
Taxes Receivable	420,160
Accounts Receivable	27,632
Due from Other Governments	605,161
Due from Fiduciary Fund	4,011
Wisconsin Retirement System Net Pension Asset	963,540
Other Postemployment Benefits Net OPEB Asset	248,769
Capital Assets:	
Not Subject to Depreciation	125,396
Subject to Depreciation	10,303,027
Accumulated Depreciation	(6,394,833)
Total Assets	12,762,552
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	1,506,459
State Life Insurance OPEB Plan Related Items	90,950
Total Deferred Outflows of Resources	1,597,409
LIABILITIES	
Accounts Payable	36,885
Payroll Taxes and Withholdings	433,416
Unearned Revenues	4,946
Long-Term Liabilities:	
State Life Insurance Plan Net OPEB Liability	195,490
Amounts Due Within One Year	34,302
Total Liabilities	705,039
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Plan Related	2,118,781
State Life Insurance OPEB Plan Related Items	22,741
Total Deferred Inflows of Resources	2,141,522
NET POSITION	
Net Investment in Capital Assets	4,033,590
Restricted for:	
Capital Projects	4,320,822
Special Projects	235,011
Community Service	61,020
WRS Pension Plan Asset	963,540
OPEB Asset	248,769
Food Service	102,787
Unrestricted	1,547,861
Total Net Position	\$ 11,513,400

See accompanying Notes to Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 1,757,339	\$ 221,792	\$ 541,771	\$ -	\$ (993,776)
Vocational Instruction	161,592	-	73,994	-	(87,598)
Physical Curriculum	139,968	-	-	-	(139,968)
Special Instruction	650,190	-	449,815	-	(200,375)
Co-Curricular Activities	143,121	946	69,342	-	(72,833)
Total Instruction	2,852,210	222,738	1,134,922	-	(1,494,550)
Support Services:					
Pupil Services	157,351	289	3,560	-	(153,502)
Instructional Staff Services	222,750	-	95,827	-	(126,923)
General Administration	146,279	-	76,451	-	(69,828)
School Building Administration	314,990	-	-	-	(314,990)
Fiscal	144,142	-	-	-	(144,142)
Operation and Maintenance of Plant	292,289	-	-	194,994	(97,295)
Pupil Transportation	328,263	-	18,467	-	(309,796)
Food Service	248,842	9,369	353,472	-	113,999
Central Services	17,347	-	-	-	(17,347)
Insurance and Judgments	57,172	-	-	-	(57,172)
Other Support Services	103,244	-	11,023	-	(92,221)
Community Services	108,059	-	133,069	-	25,010
Other Non-Program	871,319	-	228,571	-	(642,748)
Depreciation - Unallocated	241,460	-	-	-	(241,460)
Total Support Services	3,253,507	9,658	920,440	194,994	(2,128,415)
Total Primary Government	\$ 6,105,717	\$ 232,396	\$ 2,055,362	\$ 194,994	(3,622,965)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					1,365,081
Other Taxes					810
State and Federal Aids Not Restricted to Specific Functions:					
General					2,915,125
Other					582,570
Interest and Investment Earnings					28,448
Miscellaneous					66,726
Total General Revenues					4,958,760
Change in Net Position					1,335,795
Net Position - Beginning of Year					9,941,893
Prior Period Adjustment					235,712
Net Position - Beginning of Year - Restated					10,177,605
Net Position - End of Year					\$ 11,513,400

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2021**

	General Fund	Capital Improvements Trust Fund	Other Governmental Funds	Totals
ASSETS				
Cash and Investments	\$ 2,028,464	\$ 4,060,822	\$ 370,403	\$ 6,459,689
Taxes Receivable	420,160	-	-	420,160
Accounts Receivable	27,632	-	-	27,632
Due from Other Governments	570,990	-	34,171	605,161
Due from Other Funds	4,011	260,000	-	264,011
	<u>4,011</u>	<u>260,000</u>	<u>-</u>	<u>264,011</u>
Total Assets	<u>\$ 3,051,257</u>	<u>\$ 4,320,822</u>	<u>\$ 404,574</u>	<u>\$ 7,776,653</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 36,075	\$ -	\$ 810	\$ 36,885
Accrued Salaries and Wages, Payroll Taxes, and Withholdings	433,416	-	-	433,416
Due to Other Funds	260,000	-	-	260,000
Unearned Revenues	-	-	4,946	4,946
Total Liabilities	<u>729,491</u>	<u>-</u>	<u>5,756</u>	<u>735,247</u>
Deferred Inflows of Resources:				
Unavailable Grant Funding	321,614	-	-	321,614
Fund Balances:				
Restricted	-	4,320,822	398,818	4,719,640
Unassigned	2,000,152	-	-	2,000,152
Total Fund Balances	<u>2,000,152</u>	<u>4,320,822</u>	<u>398,818</u>	<u>6,719,792</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,051,257</u>	<u>\$ 4,320,822</u>	<u>\$ 404,574</u>	<u>\$ 7,776,653</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2021**

Total Fund Balances - Governmental Funds \$ 6,719,792

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 funds. These assets consist of:

Land	\$	22,650	
Land Improvements		754,498	
Buildings		7,494,860	
Equipment		2,053,669	
Construction in Progress		102,746	
Accumulated Depreciation		<u>(6,394,833)</u>	4,033,590

Some assets are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 321,614

Pension liabilities and related deferred inflows and outflows of resources are not reported in the fund statements but are reported in the statement of net position. These balances at year-end are:

State Life Insurance Plan Total OPEB Liability		(195,490)	
State Life Insurance Plan Deferred Outflows of Resources		90,950	
State Life Insurance Plan Deferred Inflow of Resources		(22,741)	
Other Postemployment Benefits Net OPEB Asset		248,769	
Wisconsin Retirement System Net Pension Asset		963,540	
Wisconsin Retirement System Deferred Outflows of Resources		1,506,459	
Wisconsin Retirement System Deferred Inflows of Resources		<u>(2,118,781)</u>	472,706

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Vested Employee Benefits		<u>(34,302)</u>	
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Net Position of Governmental Activities **\$ 11,513,400**

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Improvements Trust Fund	Other Governmental Funds	Totals
REVENUES				
Local Sources:				
Property Taxes	\$ 1,365,081	\$ -	\$ -	\$ 1,365,081
Other Local Sources	21,234	23,005	116,032	160,271
Interdistrict Sources	214,238	-	-	214,238
Intermediate Sources	76,650	-	-	76,650
State Sources	3,970,112	-	7,445	3,977,557
Federal Sources	823,792	-	444,367	1,268,159
Other Sources	57,942	-	-	57,942
Total Revenues	<u>6,529,049</u>	<u>23,005</u>	<u>567,844</u>	<u>7,119,898</u>
EXPENDITURES				
Instruction:				
Regular Instruction	1,857,469	-	-	1,857,469
Vocational Instruction	272,384	-	-	272,384
Physical Curriculum	146,745	-	-	146,745
Special Instruction	711,130	-	-	711,130
Co-Curricular Activities	104,828	-	42,359	147,187
Support Services:				
Pupil Services	166,721	-	-	166,721
Instructional Staff Services	248,353	-	-	248,353
General Administration	154,150	-	-	154,150
School Building Administration	337,520	-	-	337,520
Fiscal	155,742	-	-	155,742
Operation and Maintenance of Plant	593,580	-	35,315	628,895
Pupil Transportation	326,695	-	-	326,695
Food Service	-	-	261,661	261,661
Central Services	17,347	-	-	17,347
Insurance and Judgments	56,848	-	324	57,172
Other Support Services	14,110	-	-	14,110
Community Services	-	-	114,704	114,704
Other Non Program	871,319	-	-	871,319
Total Expenditures	<u>6,034,941</u>	<u>-</u>	<u>454,363</u>	<u>6,489,304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	494,108	23,005	113,481	630,594
OTHER FINANCING SOURCES (USES)				
Transfers In	-	260,000	-	260,000
Transfers Out	(260,000)	-	-	(260,000)
Net Other Financing Sources (Uses)	<u>(260,000)</u>	<u>260,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	234,108	283,005	113,481	630,594
Fund Balances - Beginning of Year	<u>1,766,044</u>	<u>4,037,817</u>	<u>285,337</u>	<u>6,089,198</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,000,152</u>	<u>\$ 4,320,822</u>	<u>\$ 398,818</u>	<u>\$ 6,719,792</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 630,594

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 those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 393,148	
Depreciation Expense Reported in the Statement of Activities	<u>(241,460)</u>	151,688

In the statement of activities, the gain or loss on the sale or disposal of capital assets is recognized, whereas in the fund financial statements the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the depreciated cost of the capital assets disposed.		(17,828)
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Some assets not currently available are reported as deferred inflows resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		321,614
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Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expense in the statement of activities is measured by the change in net pension asset and the related deferred inflows and outflows of resources.		272,605
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OPEB expenditures in the governmental funds are measured by current year employee contributions. OPEB expenses on the statement of activities are measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.

Single-Employer OPEB Plan	65	
Multiple-Employer OPEB Plan (State Life Insurance)	<u>(25,090)</u>	(25,025)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Vested Employee Benefits		<u>2,147</u>
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Change in Net Position of Governmental Activities \$ 1,335,795

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>Employee Benefit Trust Fund</u>
ASSETS	
Cash and Investments	\$ 450,602
LIABILITIES	
Due to Governmental Funds	<u> 4,011</u>
NET POSITION	
Restricted	<u><u>\$ 446,591</u></u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2021**

	Employee Benefit Trust Fund
ADDITIONS	
Interest	\$ 3,065
DEDUCTIONS	
Benefits	113,861
CHANGE IN NET POSITION	(110,796)
Net Position, Beginning of Year	557,387
NET POSITION, END OF YEAR	\$ 446,591

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

The School District of Cornell is organized as a common school district. The District, governed by a five-member elected school board, operates grades pre-kindergarten through 12 and is comprised of all or parts of nine taxing districts.

The financial reporting of the District is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the District consist solely of the primary government. No other organizations were identified for inclusion in the financial reporting entity of the District.

C. Government-Wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) as described below:

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental type activities. (The District had no business-type activities for the reporting year.) These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Statements (Continued)

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

The District has the following major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Long Term Capital Improvement Trust Fund – The long-term capital improvements fund is used to account for the accumulation of assets for future capital improvements projects.

The remaining governmental funds (the food service fund, special projects fund, and community service fund) are reported as nonmajor funds.

Additionally, the District reports the following fiduciary fund:

Employee Benefit Trust Fund – The Employee Benefit Trust Fund is used to account for resources held in trust for formally established employee benefit plans.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Fiduciary funds do not have a measurement focus.

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

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

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

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

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments

The District is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. treasury obligations, U.S. agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

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

Funds held in the Employee Benefit Trust Fund to provide for postemployment health care benefits and other postemployment benefits may be invested in any kind of property or type of investment consistent with the prudent investor rule set forth in WI Stat. 881.01. This rule requires the trustee of an Employee Benefit Trust Fund to exercise reasonable care, skill, and caution when investing and managing the assets of the trust.

All investments are stated at fair market value, except the AUL annuity contract and Local Government Investment Pool (LGIP), which are valued at amortized cost.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

2. Receivables and Payables

Property Taxes. Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and District treasurer for those taxes collected on their behalf. The District treasurer who then makes settlement with the city, town, village, and school districts before retaining any for District purposes collects second installment real estate taxes and delinquent taxes.

The District's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31st, and a final payment no later than the following July 31st. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the District treasurer makes full settlement to the District for any remaining balance. The District assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which taxes are levied. The 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

Accounts Receivable. Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been recorded.

Interfund Balances. The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds". The noncurrent portion of outstanding balances between funds is reported as "advances to/from other funds". Advances between funds are classified as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources. For government-wide financial statements, eliminations were made for amounts due to and due from within the same fund type.

3. Prepaid Expenditures

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

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

4. Capital Assets

Capital assets are reported at actual cost or estimated historical cost, for assets where actual historical cost is not available. Donated assets are reported as capital assets at their estimated acquisition value at the time received.

The District's capitalization threshold is \$5,000 or more and assets are depreciated using the straight-line method over the estimated useful lives as follows:

- | | |
|----------------------------|-------------|
| - Land Improvements | 20 Years |
| - Buildings & Improvements | 10-15 Years |
| - Furniture and Equipment | 5-20 Years |

5. Deferred Outflows of Resources

The District reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. The District reports deferred outflows of resources for pension and OPEB related items.

6. Deferred Inflows of Resources

The District's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District also reports deferred outflows of resources for pension and OPEB related items.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

7. Compensated Absences

The District's policy allows non-teacher employees to earn varying amounts of vacation pay for each year employed. Upon retirement or termination of employment, these employees are entitled to payment of \$7.50 per hour of unused vacation time.

Postemployment Benefits – As provided in applicable employee handbooks, the plan provides that the District will pay 81% of the health insurance premiums for up to a maximum period of 7 years for eligible retirees that retired prior to June 2007.

For eligible employees that were still employed at June 30, 2007, the 81% of premium benefit was replaced with a Health Reimbursement Arrangement (HRA). Eligible employees who were hired prior to 2006 but retiring after 2007 with a minimum of 15 years of service to the District, can receive up to a maximum of \$140,000 (28 years and \$5,000 for each year of employment with the District) in payments to the HRA to be paid over 10 years after retirement.

There are no post-employment benefits for teachers hired after 2006.

8. Wisconsin Retirement System Pension Benefits

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

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

9. Other Postemployment Benefits (OPEB) – Multiple Employer Plan

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

10. Long-Term Obligations

In the government-wide financial statements, outstanding long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. As required by state statute, premium and accrued interest received as part of the proceeds are recorded in the debt service fund.

11. Use of Restricted Resources

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

12. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources, is classified as follows in the District's financial statements:

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement for those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

12. Equity Classifications (Continued)

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets are legally or contractually required to be maintained. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District adopted a fund balance policy; in which the board retains the authority to assign fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's practice to use committed, assigned, and finally unassigned fund balance.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's cash and investments balance at June 30, 2021, were shown in the financial statements as follows:

Governmental Funds	\$ 6,459,689
Fiduciary Fund:	
Employee Benefit Trust Fund	<u>450,602</u>
Total	<u><u>\$ 6,910,291</u></u>

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The above balances at June 30, 2021 consisted of the following:

Deposits in Financial Institutions	\$ 6,765,327
Investments with Fiscal Agent (Employee Benefit Trust)	130,070
Investments Held by Custodian	14,397
Investments with State Local Government	
Pooled - Investment Fund (LGIP)	7
Petty Cash	490
Total	\$ 6,910,291

Deposits at Financial Institutions

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the District to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund. Custodial credit risk for deposits is the risk that, in the event of failure, the District's deposits may not be returned.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2021, District deposits were not exposed to custodial credit risk.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits in State Local Government Investment Pool (LGIP)

The state of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for twelve-month period ended June 30, 2021 was approximately 47 days.

Investment with Fiscal Agent

Employee Benefit Trust Fund - The investments with fiscal agent consisted of an amount paid into the employee benefit trust fund. This amount is comprised of amounts invested in a fixed annuity account with American United Life Insurance Company. These funds are held at MidAmerica.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The District's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.E.1. The District does not have a concentration risk policy that would restrict the percentage of investment holdings that can be in one issuer or counterparty.

Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

All investments were measured at Amortized Cost.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The District's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.E.1.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates further into the future are more sensitive to changes in market interest rates. The daily maturities of the investment in American United Life mitigate the risk to the District.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Changes in the capital assets for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Land	\$ 22,650	\$ -	\$ -	\$ 22,650
Land Improvements	754,498	-	-	754,498
Buildings and Improvements	7,382,145	261,086	(148,371)	7,494,860
Furniture and Equipment	2,024,353	29,316	-	2,053,669
Work in Progress	-	102,746	-	102,746
Total Capital Assets	<u>10,183,646</u>	<u>393,148</u>	<u>(148,371)</u>	<u>10,428,423</u>
Accumulated Depreciation:				
Land Improvements	540,455	26,261	-	566,716
Buildings and Improvements	4,109,084	166,000	(130,543)	4,144,541
Furniture and Equipment	1,634,377	49,199	-	1,683,576
Total Accumulated Depreciation	<u>6,283,916</u>	<u>241,460</u>	<u>(130,543)</u>	<u>6,394,833</u>
Governmental Activities Capital Assets Net of Accumulated Depreciation	<u>\$ 3,899,730</u>	<u>\$ 151,688</u>	<u>\$ (17,828)</u>	<u>\$ 4,033,590</u>

Depreciation was charged to governmental functions as follows:

Unallocated Depreciation	<u>\$ 241,460</u>
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C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2021 was as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
Capital Improvements Trust Fund	General Fund	\$ 260,000	Contribution made after year-end
General Fund	Employee Benefit Trust Fund	4,011	Settlement of final contribution
		<u>\$ 264,011</u>	

Transfers

Fund Transferred To	Fund Transferred From	Amount	Purpose
Capital Improvements Trust Fund	General Fund	\$ 260,000	Capital contribution

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

Changes in long-term obligations of the District for the year ended June 30, 2021 were as follows:

	Balances (as restated) July 1, 2020	Additions	Reductions	Balances June 30, 2021	Amounts Due Within One Year
Other Long-Term Obligations:					
Vested Employee Benefits	\$ 36,449	\$ -	\$ 2,147	\$ 34,302	\$ 34,302

The District's estimated liability for vested employee benefits is generally liquidated by the general fund.

D. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at June 30, 2021 consisted of the following:

	Total	Restricted	Unassigned
Major Funds:			
General Fund	\$ 2,000,152	\$ -	\$ 2,000,152
Long-Term Capital Improvements Trust Fund	4,320,822	4,320,822	-
Nonmajor funds:			
Special Revenue Funds:			
Special Projects	235,011	235,011	-
Food Service Program	102,787	102,787	-
Community Service Programs	61,020	61,020	-
Total Governmental Fund Balances at June 30, 2021	<u>\$ 6,719,792</u>	<u>\$ 4,719,640</u>	<u>\$ 2,000,152</u>

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 OTHER INFORMATION

F. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the 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, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the fiscal reporting period of July 1, 2020 through June 30, 2021, the WRS recognized \$181,880 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.75%	6.75%

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

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

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

At June 30, 2021, the District reported an asset of \$963,540 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 and 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 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 0.01543359%, which was a decrease of 0.00065222% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of (\$112,382). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,394,537	\$ (300,381)
Changes of Assumptions	21,854	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,808,968)
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	(9,432)
District Contributions Subsequent to the Measurement Date	90,068	-
Total	<u>\$ 1,506,459</u>	<u>\$ (2,118,781)</u>

\$90,068 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Pension Expense Amount</u>
2022	\$ (183,095)
2023	(51,473)
2024	(329,016)
2025	(138,806)
2026	-
Thereafter	-

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Inflation:	3.0%
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.

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

	Target Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Core Fund Asset Class:			
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%
Cash	-15%	0.9%	N/A
Total Core Fund	<u>100%</u>	6.6%	4.1%
Variable Fund Asset Class:			
Domestic Equities	70%	6.6%	4.1%
International Equities	30%	7.4%	4.9%
Total Variable Fund	<u>100%</u>	7.1%	4.6%

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 917,156	\$ (963,540)	\$ (2,344,898)

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>.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

G. Other Postemployment Benefits – Single Employer Plan

Plan Description and Benefits Provided

The District administers a single-employer defined benefit health care plan as provided in applicable employee handbook. The plan provides that the District will pay 81% of the health insurance premiums for up to a maximum period of 7 years for eligible retirees that retired prior to June 2007. For eligible employees that were still employed at June 30, 2007, the 81% of premium benefit was replaced with a Health Reimbursement Arrangement (HRA). Eligible employees who were hired prior to 2006 but retiring after 2007 with a minimum of 15 years of service to the District, can receive up to a maximum of \$140,000 (28 years and \$5,000 for each year of employment with the District) in payments to the HRA to be paid over 10 years after retirement. There are no post-employment benefits for teachers hired after 2006.

The plan does not issue separate financial statements.

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	-
Total	6

Contributions

The District's Trust Agreement states the District shall make contributions to the Trust from time to time as required per contractual agreement, and, in addition, such other contributions, if any, as it may determine in its discretion.

For the year ended June 30, 2021, no plan member contributions occurred.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

G. Other Postemployment Benefits – Single Employer Plan

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution to the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45 (determined actuarially for the year ended June 30, 2009 and under the alternative measurement method for the years ended thereafter).

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial/alternative measurement liabilities (or funding excess) over a period not to exceed thirty years.

For fiscal years ended June 30, 2011 and thereafter the liability is considered to be fully funded.

Funded Status and Funding Progress

The below schedule presents the value of the assets in the plan in comparison to the accrued liability calculated in accordance with the alternative measurement method:

Total OPEB Liability (Asset), 6/30/2021	\$ 197,822
Fiduciary Net Position, 6/30/2021	446,591
Net OPEB Liability (Asset), 6/30/21	<u>\$ (248,769)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	226%

The District uses alternative measurement method for determining its liability for the fiscal years ended June 30, 2011 and thereafter. The following is a summary of those significant methods and assumptions:

There were 6 retirees receiving benefits at the time of the latest alternative measurement, a 100% probability factor of employees staying until retirement was used in determining turnover based on inquires of those employees covered, no increase in health insurance premiums was necessary as the calculation for those under the old retirement language is complete. Management believes that the entire liability is fully funded. A historical age-based retirement date of 58 was used in the calculations. Finally, a rate of return of the investment used in the calculations is 1.5%.

Method Used to Value Investments

Investments are reported at fair value, which is determined by the underlying investments held by the group variable annuity contract invested with American United Life Insurance Company and deposit account at Citizens State Bank. For the year ended June 30, 2021, the annual money-weighted rate of return, net of investment expense, was 0.61%.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiple Employer Plan

Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees. ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

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

Contribution rates as of June 30, 2021 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiple Employer Plan (Continued)

Plan Description (Continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are:

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$708 in contributions from the employer.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2021, the District reported a liability of \$195,490 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 and rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.035539%, which was an increase of 0.002512% from its proportion measured as of December 31, 2019.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

For the year ended June 30, 2021, the District recognized OPEB expense of \$26,175. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (9,328)
Changes of Assumptions	2,846	(13,413)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	76,048	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	11,679	-
District Contributions Subsequent to the Measurement Date	377	-
Total	<u>\$ 90,950</u>	<u>\$ (22,741)</u>

\$377 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>OPEB Expense Amount</u>
2022	\$ 12,765
2023	12,457
2024	12,140
2025	11,006
2026	13,002
Thereafter	6,462

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

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

Actuarial Valuation Date	January 1, 2020
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return	4.25%
Discount Rate	2.25%
Salary Increases:	
Inflation	2.2%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Long Credit Bonds	Barclays Long Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

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

Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25%, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 265,923	\$ 195,490	\$ 142,224

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

I. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three years.

J. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is based on pupil count and is limited to the amount approved by legislative action unless a higher amount has been approved by a referendum. The State has also placed a limit on the decrease in the annual revenue cap due to declining enrollments. The State further allows an exemption equal to 75% of the prior year unused allowable revenue.

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

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

K. Prior Period Adjustment

During the year ended June 30, 2021, the District recorded a prior period adjustment in the amount of (\$102,191) to restate the beginning net position of the governmental activities. This restatement was made to correct the District's net OPEB liability and related deferred outflows/inflows of resources balances relating to its participation in the Wisconsin Local Retiree Life Insurance Fund (LRLIF) and the district's single-employer OPEB plan.

	Governmental Activities
Net Position, June 30, 2020, as Previously Reported	\$ 9,941,893
Prior Period Adjustment for allocation of State Life Insurance GASB 75 balances	(102,191)
Prior Period Adjustment to record District Single-Employer OPEB Plan balances	248,704
Prior Period Adjustment to correct the balance	

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,365,081	\$ 1,365,081	\$ 1,365,081	\$ -
Other Local Sources	34,875	34,875	21,234	(13,641)
Interdistrict Sources	230,829	230,829	214,238	(16,591)
Intermediate Sources	47,660	47,660	76,650	28,990
State Sources	3,872,122	3,872,122	3,970,112	97,990
Federal Sources	371,759	371,759	823,792	452,033
Other Revenues	5,963	5,963	57,942	51,979
Total Revenues	<u>5,928,289</u>	<u>5,928,289</u>	<u>6,529,049</u>	<u>600,760</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	1,297,453	1,297,453	1,433,799	(136,346)
Regular Curriculum	419,100	419,100	423,670	(4,570)
Vocational Curriculum	85,959	85,959	272,384	(186,425)
Special Curriculum	145,363	145,363	146,745	(1,382)
Physical Curriculum	708,384	708,384	711,130	(2,746)
Co-Curricular Activities	109,798	109,798	104,828	4,970
Total Instruction	<u>2,766,057</u>	<u>2,766,057</u>	<u>3,092,556</u>	<u>(326,499)</u>
Support Services:				
Pupil Services	171,992	171,992	166,721	5,271
Instructional Staff Services	211,007	211,007	248,353	(37,346)
General Administration	162,232	162,232	154,150	8,082
School Building Administration	358,835	358,835	337,520	21,315
Fiscal	147,554	147,554	155,742	(8,188)
Operation and Maintenance of Plant	715,232	715,232	593,580	121,652
Pupil Transportation	334,043	334,043	326,695	7,348
Central Services	30,200	30,200	17,347	12,853
Insurance and Judgments	48,581	48,581	56,848	(8,267)
Other Support Services	9,000	9,000	14,110	(5,110)
Total Support	<u>2,188,676</u>	<u>2,188,676</u>	<u>2,071,066</u>	<u>117,610</u>
Non Program:				
Instructional Services	967,813	967,813	871,319	96,494
Total Expenditures	<u>5,922,546</u>	<u>5,922,546</u>	<u>6,034,941</u>	<u>(112,395)</u>
EXCESS OF REVENUES OVER EXPENDITURES	5,743	5,743	494,108	488,365
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(260,000)	(260,000)
NET CHANGE IN FUND BALANCE	5,743	5,743	234,108	228,365
Fund Balance, Beginning of Year	1,766,044	1,766,044	1,766,044	-
FUND BALANCE, END OF YEAR	<u>\$ 1,771,787</u>	<u>\$ 1,771,787</u>	<u>\$ 2,000,152</u>	<u>\$ 228,365</u>

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
 WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN (ASSET) LIABILITY
 LAST TEN FISCAL YEARS
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/2020	0.01543359%	\$ (963,540)	\$ 2,584,335	37.28%	105.26%
12/31/2019	0.01608581%	(518,679)	2,425,616	21.38%	102.96%
12/31/2018	0.01678336%	597,099	2,409,581	24.78%	96.45%
12/31/2017	0.01712524%	(508,468)	2,560,986	19.85%	102.93%
12/31/2016	0.01654132%	136,340	2,493,111	5.47%	99.12%
12/31/2015	0.01584667%	257,505	2,363,580	10.89%	98.20%
12/31/2014	0.01560158%	(383,112)	2,201,158	17.41%	102.74%

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
 WISCONSIN RETIREMENT SYSTEM PENSION PLAN
 LAST TEN FISCAL YEARS
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2021	\$ 181,880	\$ (181,880)	\$ -	\$ 2,694,518	6.75%
6/30/2020	158,877	(158,877)	-	2,425,616	6.55%
6/30/2019	161,442	(161,442)	-	2,409,581	6.70%
6/30/2018	176,499	(176,499)	-	2,560,986	6.89%
6/30/2017	164,545	(164,545)	-	2,493,111	6.60%
6/30/2016	160,723	(160,723)	-	2,363,580	6.80%
6/30/2015	154,413	(154,413)	-	2,201,158	7.02%

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

Changes of Assumptions. No significant change in assumptions were noted from the prior year.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
 LAST TEN FISCAL YEARS
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

OPEB Fiscal Year End Date (Measurement Date)	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2020	0.03553900%	\$ 195,490	\$ 1,636,000	11.95 %	31.36 %
12/31/2019	0.03302700%	140,635	1,531,000	9.19	37.58

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
 WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
 LAST TEN FISCAL YEARS
 (SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

<u>District's Fiscal Year End Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2021	\$ 708	\$ (708)	\$ -	\$ 1,636,000	0.04 %
6/30/2020	597	(597)	-	1,531,000	0.04

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

Changes of Assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information for the general fund is derived from the District's annual operating budget.

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 District's legally adopted budget and budgetary expenditure control is exercised at the function 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 School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the school board.
- The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where the 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 the 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. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.

Budget amounts in the financial statements include both the original adopted budget and the final budget.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2021**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Projects	Food Service	Community Services	
ASSETS				
Cash and Investments	\$ 235,011	\$ 101,897	\$ 33,495	\$ 370,403
Due from Other Governments	-	6,646	27,525	34,171
 Total Assets	<u>\$ 235,011</u>	<u>\$ 108,543</u>	<u>\$ 61,020</u>	<u>\$ 404,574</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers Payable	\$ -	\$ 810	\$ -	\$ 810
Unearned Revenue	-	4,946	-	4,946
Total Liabilities	-	5,756	-	5,756
 Fund Balances:				
Restricted	235,011	102,787	61,020	398,818
 Total Liabilities and Fund Balances	<u>\$ 235,011</u>	<u>\$ 108,543</u>	<u>\$ 61,020</u>	<u>\$ 404,574</u>

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Projects	Food Service	Community Services	
REVENUES				
Local Sources:	\$ 71,933	\$ 9,369	\$ 34,730	\$ 116,032
State Sources	-	7,445	-	7,445
Federal Sources	-	346,027	98,340	444,367
Total Revenues	<u>71,933</u>	<u>362,841</u>	<u>133,070</u>	<u>567,844</u>
EXPENDITURES				
Instruction:				
Co-Curricular Activities	42,359	-	-	42,359
Support Services:				
Operation and Maintenance of Plant	-	35,315	-	35,315
Food Service	-	261,661	-	261,661
Insurance and Judgments	-	324	-	324
Community Services	-	-	114,704	114,704
Total Expenditures	<u>42,359</u>	<u>297,300</u>	<u>114,704</u>	<u>454,363</u>
NET CHANGE IN FUND BALANCES	29,574	65,541	18,366	113,481
Fund Balances- Beginning of Year	<u>205,437</u>	<u>37,246</u>	<u>42,654</u>	<u>285,337</u>
FUND BALANCES - END OF YEAR	<u>\$ 235,011</u>	<u>\$ 102,787</u>	<u>\$ 61,020</u>	<u>\$ 398,818</u>

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 COMBINING BUDGETARY COMPARISON SCHEDULE
 FUND 10 AND FUND 27
 YEAR ENDED JUNE 30, 2021**

	Original Budgets				Final Budgets				Actuals			
	Fund 10		Fund 27		Fund 10		Fund 27		Fund 10		Fund 27	
	General	Special	Eliminations	Combined	General	Special	Eliminations	Combined	General	Special	Eliminations	Combined
	Fund	Education Fund			Fund	Education Fund			Fund	Education Fund		
REVENUES												
Local Sources:												
Property Taxes	\$ 1,365,081	\$ -	\$ -	\$ 1,365,081	\$ 1,365,081	\$ -	\$ -	\$ 1,365,081	\$ 1,365,081	\$ -	\$ -	\$ 1,365,081
Other Local Sources	34,875	-	-	34,875	34,875	-	-	34,875	21,234	-	-	21,234
Interdistrict Sources	230,829	-	-	230,829	230,829	-	-	230,829	214,238	-	-	214,238
Intermediate Sources	22,660	25,000	-	47,660	22,660	25,000	-	47,660	52,506	24,144	-	76,650
State Sources	3,674,557	197,565	-	3,872,122	3,674,557	197,565	-	3,872,122	3,741,611	228,501	-	3,970,112
Federal Sources	272,712	99,047	-	371,759	272,712	99,047	-	371,759	771,475	52,317	-	823,792
Other Sources	5,963	-	-	5,963	5,963	-	-	5,963	56,174	1,768	-	57,942
Total Revenues	5,606,677	321,612	-	5,928,289	5,606,677	321,612	-	5,928,289	6,222,319	306,730	-	6,529,049
EXPENDITURES												
Instruction:												
Undifferentiated Curriculum	1,297,453	-	-	1,297,453	1,297,453	-	-	1,297,453	1,433,799	-	-	1,433,799
Regular Curriculum	419,100	-	-	419,100	419,100	-	-	419,100	423,670	-	-	423,670
Vocational Curriculum	85,959	-	-	85,959	85,959	-	-	85,959	272,384	-	-	272,384
Physical Curriculum	145,363	-	-	145,363	145,363	-	-	145,363	146,745	-	-	146,745
Special Curriculum	-	708,384	-	708,384	-	708,384	-	708,384	-	711,130	-	711,130
Co-Curricular Activities	109,798	-	-	109,798	109,798	-	-	109,798	104,828	-	-	104,828
Total Instruction	2,057,673	708,384	-	2,766,057	2,057,673	708,384	-	2,766,057	2,381,426	711,130	-	3,092,556
Support Services:												
Pupil Services	54,428	117,564	-	171,992	54,428	117,564	-	171,992	59,546	107,175	-	166,721
Instructional Staff Services	106,956	104,051	-	211,007	106,956	104,051	-	211,007	146,637	101,716	-	248,353
General Administration	162,232	-	-	162,232	162,232	-	-	162,232	154,150	-	-	154,150
School Building Administration	358,835	-	-	358,835	358,835	-	-	358,835	337,520	-	-	337,520
Fiscal	147,554	-	-	147,554	147,554	-	-	147,554	151,075	4,667	-	155,742
Operation and Maintenance of Plant	711,732	3,500	-	715,232	711,732	3,500	-	715,232	591,728	1,852	-	593,580
Pupil Transportation	327,045	6,998	-	334,043	327,045	6,998	-	334,043	311,595	15,100	-	326,695
Central Services	30,200	-	-	30,200	30,200	-	-	30,200	17,347	-	-	17,347
Insurance and Judgments	42,381	6,200	-	48,581	42,381	6,200	-	48,581	54,647	2,201	-	56,848
Other Support Services	9,000	-	-	9,000	9,000	-	-	9,000	14,110	-	-	14,110
Total Support Services	1,950,363	238,313	-	2,188,676	1,950,363	238,313	-	2,188,676	1,838,355	232,711	-	2,071,066
Non-Program:												
Instructional Services	954,716	13,097	-	967,813	954,716	13,097	-	967,813	854,067	17,252	-	871,319
Total Expenditures	4,962,752	959,794	-	5,922,546	4,962,752	959,794	-	5,922,546	5,073,848	961,093	-	6,034,941
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	643,925	(638,182)	-	5,743	643,925	(638,182)	-	5,743	1,148,471	(654,363)	-	494,108
OTHER FINANCING SOURCES (USES)												
Transfers In	-	638,182	(638,182)	-	-	638,182	(638,182)	-	-	654,363	(654,363)	-
Transfers Out	(638,182)	-	638,182	-	(638,182)	-	638,182	-	(914,363)	-	654,363	(260,000)
Total Other Financing Sources (Uses)	(638,182)	638,182	-	-	(638,182)	638,182	-	-	(914,363)	654,363	-	(260,000)
NET CHANGE IN FUND BALANCE	5,743	-	-	5,743	5,743	-	-	5,743	234,108	-	-	234,108
Fund Balance - Beginning of Year	1,766,044	-	-	1,766,044	1,766,044	-	-	1,766,044	1,766,044	-	-	1,766,044
FUND BALANCE - END OF YEAR	\$ 1,771,787	\$ -	\$ -	\$ 1,771,787	\$ 1,771,787	\$ -	\$ -	\$ 1,771,787	\$ 2,000,152	\$ -	\$ -	\$ 2,000,152

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE
 FUND 10
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Local Sources:				
Property Taxes	\$ 1,365,081	\$ 1,365,081	\$ 1,365,081	\$ -
Other Local Sources	34,875	34,875	21,234	(13,641)
Interdistrict Sources	230,829	230,829	214,238	(16,591)
Intermediate Sources	22,660	22,660	52,506	29,846
State Sources	3,674,557	3,674,557	3,741,611	67,054
Federal Sources	272,712	272,712	771,475	498,763
Other Sources	5,963	5,963	56,174	50,211
Total Revenues	<u>5,606,677</u>	<u>5,606,677</u>	<u>6,222,319</u>	<u>615,642</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	1,297,453	1,297,453	1,433,799	(136,346)
Regular Curriculum	419,100	419,100	423,670	(4,570)
Vocational Curriculum	85,959	85,959	272,384	(186,425)
Physical Curriculum	145,363	145,363	146,745	(1,382)
Co-Curricular Activities	109,798	109,798	104,828	4,970
Total Instruction	<u>2,057,673</u>	<u>2,057,673</u>	<u>2,381,426</u>	<u>(323,753)</u>
Support Services:				
Pupil Services	54,428	54,428	59,546	(5,118)
Instructional Staff Services	106,956	106,956	146,637	(39,681)
General Administration	162,232	162,232	154,150	8,082
School Building Administration	358,835	358,835	337,520	21,315
Fiscal	147,554	147,554	151,075	(3,521)
Operation and Maintenance of Plant	711,732	711,732	591,728	120,004
Pupil Transportation	327,045	327,045	311,595	15,450
Central Services	30,200	30,200	17,347	12,853
Insurance and Judgments	42,381	42,381	54,647	(12,266)
Other Support Services	9,000	9,000	14,110	(5,110)
Total Support Services	<u>1,950,363</u>	<u>1,950,363</u>	<u>1,838,355</u>	<u>112,008</u>
Non Program:				
Instructional Services	954,716	954,716	854,067	100,649
Total Expenditures	<u>4,962,752</u>	<u>4,962,752</u>	<u>5,073,848</u>	<u>(111,096)</u>
EXCESS OF REVENUES OVER EXPENDITURES	643,925	643,925	1,148,471	504,546
OTHER FINANCING SOURCES (USES)				
Transfers Out	(638,182)	(638,182)	(914,363)	(276,181)
NET CHANGE IN FUND BALANCE	5,743	5,743	234,108	228,365
Fund Balance - Beginning of Year	<u>1,766,044</u>	<u>1,766,044</u>	<u>1,766,044</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,771,787</u>	<u>\$ 1,771,787</u>	<u>\$ 2,000,152</u>	<u>\$ 228,365</u>

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE
 FUND 27
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intermediate Sources	\$ 25,000	\$ 25,000	\$ 24,144	\$ (856)
State Sources	197,565	197,565	228,501	30,936
Federal Sources	99,047	99,047	52,317	(46,730)
Other Sources	-	-	1,768	1,768
Total Revenues	<u>321,612</u>	<u>321,612</u>	<u>306,730</u>	<u>(14,882)</u>
EXPENDITURES				
Instruction:				
Special Curriculum	708,384	708,384	711,130	(2,746)
Support Services:				
Pupil Services	117,564	117,564	107,175	10,389
Instructional Staff Services	104,051	104,051	101,716	2,335
Fiscal	-	-	4,667	(4,667)
Operation and Maintenance of Plant	3,500	3,500	1,852	1,648
Pupil Transportation	6,998	6,998	15,100	(8,102)
Insurance and Judgments	6,200	6,200	2,201	3,999
Total Support Services	<u>238,313</u>	<u>238,313</u>	<u>232,711</u>	<u>5,602</u>
Non Program:				
Instructional Services	<u>13,097</u>	<u>13,097</u>	<u>17,252</u>	<u>(4,155)</u>
Total Expenditures	<u>959,794</u>	<u>959,794</u>	<u>961,093</u>	<u>(1,299)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(638,182)	(638,182)	(654,363)	(16,181)
OTHER FINANCING SOURCES				
Transfers In	<u>638,182</u>	<u>638,182</u>	<u>654,363</u>	<u>16,181</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SINGLE AUDIT SECTION

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number (ALN)	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued Receivable (Unearned Revenue) July 1, 2020	Federal Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2021
<u>U.S. Department of Agriculture</u>								
Child Nutrition Cluster:								
School Lunch Program:	10.555	WI DPI						
School Lunch			2021-091204-DPI-NSL-547	\$ -	\$ -	\$ 2,780	\$ 2,780	\$ -
Food Donation (noncash)			A001-00000-091204	-	-	22,769	22,769	-
Total School Lunch Program (ALN 10.555)				-	-	25,549	25,549	-
COVID-19 - Summer Food Service Program	10.559	WI DPI	2021-091204-DPI-SFSP-566	-	-	308,778	302,132	6,646
Total Child Nutrition Cluster				-	-	334,327	327,681	6,646
Fresh Fruit and Vegetable Program	10.582	WI DPI	2021-091204-DPI-FFVPJULPUB-594	-	-	11,699	11,699	-
Total Department of Agriculture				-	-	346,026	339,380	6,646
<u>U.S. Department of Education</u>								
ESEA Title I-A Basic Grant	84.010	WI DPI	2021-091204-DPI-TIA-141	-	46,875	132,593	123,524	55,944
Special Education Cluster:								
Special Education Grants to States	84.027	WI DPI	2021-091204-DPI-IDEA-FT-341	-	75,588	146,210	123,693	98,105
IDEA Preschool Entitlement	84.173	WI DPI	2021-091204-DPI-IDEA-P-347	-	3,623	10,006	13,250	379
Total Special Education Cluster				-	79,211	156,216	136,943	98,484
21st Century Learning Center Grant	84.287	WI DPI	2021-091204-DPI-T-IV-B-367	-	14,565	98,340	85,380	27,525
Small Rural Achievement Program (Title IV-B)	84.358	Direct	N/A	-	-	31,473	31,473	-
Quality Teachers and Principals (Title II, Part A)	84.367	WI DPI	2021-091204-DPI-TIIA-365	-	-	21,539	21,539	-
COVID-19 Education Stabilization Fund:								
COVID-19 - Education Stabilization Aid	84.425D	WI DPI	2021-091204-DPI-ESSERF-160, 2021-091204-DPI-ESSERFII-164	-	104,528	745,179	529,155	320,552
COVID-19 - Education Stabilization Aid	84.425C	WI DPI	2021-091204-DPI-GEERF-162	-	-	58,406	58,406	-
Total Education Stabilization Funds				-	104,528	803,585	587,561	320,552
Total Department of Education				-	245,179	1,243,746	986,420	502,505
<u>U.S. Department of Health and Human Services</u>								
Medicaid Cluster (School Based Services)	93.778	WI DHS / CESA #10	44232100	-	23,267	64,747	41,245	46,769
Total Expenditures of Federal Awards				\$ -	\$ 268,446	\$ 1,654,519	\$ 1,367,045	\$ 555,920

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2021**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Grant Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2020	State Expenditures	State Reimbursements	Accrued Receivable (Unearned Revenue) June 30, 2021
<u>Wisconsin Department of Public Instruction</u>						
Major State Programs:						
Special Education and School Age Parents: Internal District Programs	255.101	[1] 091204-100	\$ -	\$ 224,501	\$ 224,501	-
Participant in Co-op Program at CESA No. 10			-	4,351	4,351	-
Total Special Education Program			-	228,852	228,852	-
General Aids:						
General Equalization Aid	255.201	091204-116	48,118	2,915,125	2,917,182	46,061
Aid for High Poverty School District	255.926	091204-121	-	29,621	29,621	-
Total General Aids			48,118	2,944,746	2,946,803	46,061
Total Major Programs			48,118	3,173,598	3,175,655	46,061
Nonmajor State Programs:						
State Lunch Aid	255.102	091204-107	-	2,497	2,497	-
Common School Fund	255.103	091204-104	-	21,398	21,398	-
Pupil Transportation	255.107	091204-102	-	14,467	14,467	-
Wisconsin School Day Milk Program	255.115	091204-109	-	2,099	2,099	-
Sparsity Aid	255.212	091204-162	-	173,118	173,118	-
Supplement Per Pupil Aid	255.245	091204-181	-	1,292	1,292	-
School Breakfast Program	255.344	091204-108	-	2,848	2,848	-
Early College Credit Program	255.445	091204-178	-	197	197	-
Achievement Gap Reduction	255.504	091204-160	-	199,200	199,200	-
Educator Effectiveness Grant	255.940	091204-154	-	2,480	2,480	-
Per Pupil Aid	255.945	091204-113	-	315,350	315,350	-
High Cost Transportation Aid	255.947	091204-114	-	44,805	44,805	-
Career and Technical Education Incentive Grants	255.950	091204-152	-	5,584	5,584	-
Assessments of Reading Readiness	255.956	091204-166	-	788	788	-
Aid for Special Education Transition Grant	255.960	091204-168	-	4,000	4,000	-
<u>Wisconsin Department of Workforce Development</u>						
Youth Apprenticeship	445.107	CESA #10		3,300	3,300	-
Total Nonmajor Programs			-	793,423	793,423	-
Total State Financial Assistance			\$ 48,118	\$ 3,967,021	\$ 3,969,078	\$ 46,061

[1] District's 2020-2021 Net Aidable Costs Reported to DPI Totaled \$879,156.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021**

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal and state award activity of the School District of Cornell under programs of the federal and state governments for the year ended June 30, 2021. The information in these Schedules is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *Wisconsin State Single Audit Guidelines*. Because the Schedules present only a selected portion of the operations of the School District of Cornell, they are not intended to and do not present the financial position, changes in net position, or cash flows of the School District of Cornell.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and State Single Audit Guidelines, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed for the USDA Commodities Program (ALN 10.555).

NOTE 4 INDIRECT COSTS

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

NOTE 5 MEDICAL ASSISTANCE

Expenditures presented for the Medicaid School Based Services (SBS) Benefit represent only the federal funds for the program that the District receives from the Department of Health Services (DHS). District records should be consulted to determine the total amount expended for this program.

NOTE 6 SUBRECIPIENTS

The district did not pass-through any funds to subrecipients.



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

Board of Education
School District of Cornell
Cornell, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Cornell, Wisconsin (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 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

Compliance and Other Matters

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

School District of Cornell's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
December 13, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY *THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES*

Board of Education
School District of Cornell
Cornell, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the School District of Cornell, Wisconsin's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. We have also audited the District's compliance with types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that are applicable to each of its major state programs (including federal programs required to be tested as major state programs) for the same period. The District's major federal programs and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each of the Major Federal and State Programs

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

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
December 13, 2021

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

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weaknesses(es) identified? X yes no
 - Significant deficiency(ies) identified? yes X none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major programs:
- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified that are not considered to be Material weaknesses? yes X none reported
2. Type of auditors’ report issued on compliance for major programs Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425C, 84.425D	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? yes X no

**SCHOOL DISTRICT OF CORNELL
 CORNELL, WISCONSIN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results (Continued)

State Awards

1. Internal control over major programs:

- Material weakness identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

2. Type of auditors’ report issued on compliance for major programs Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? _____ yes X no

Identification of Major State program:

State ID Number(s)	Name of State Program or Cluster
255.101	Special Education
255.201, 255.926	General Aids

Dollar threshold used to distinguish between Type A and Type B programs: \$ 250,000

Auditee qualified as low-risk auditee? _____ yes X no

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results (Continued)

OTHER ISSUES

1. Do the auditors’ report or the 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

2. Does the auditors’ report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Public Instruction No
Department of Health Services No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of Principal


April L. Anderson, CPA

5. Date of Report

December 13, 2021

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Findings Related to the Financial Statements

FINDING: 2021-001 Internal Control Over Financial Reporting

Type of Finding: Material Weakness in Internal Control Over Reporting

Criteria: The District is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including related disclosures, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Condition: The District does not have an internal control policy in place over annual financial reporting that would enable management to conclude its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

Context: The District has made the decision due to cost and other considerations to outsource the preparation of the annual financial statements including footnote disclosures.

Cause: The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have designated an individual with suitable skill, knowledge, or experience to oversee their preparation and have reviewed, approved and accepted responsibility for the annual financial statements and the related footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls. This finding was identified and communicated in a prior period; remedial action has not yet been taken.

Repeat Finding: See 2020-001

Recommendation: The District should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Views of Responsible Officials: The District will continue to rely on the audit firm to prepare the financial statements and related footnote disclosures in accordance with GAAP. District management will review, approve and accept responsibility for these financial statements prior to the issuance. The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

**SCHOOL DISTRICT OF CORNELL
CORNELL, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Findings Related to the Financial Statements (Continued)

FINDING: 2021-002 Limited Segregation of Duties

Type of Finding: Material Weakness in Internal Control Over Reporting

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition: The auditors noted during the audit that the available staff may preclude a proper separation of duties to assure adequate internal control.

Context: The limited size of the District's staff responsible for accounting and financial duties may preclude a complete segregation of incompatible duties. The District has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.

Cause: The condition is due to limited staff available.

Effect: Lack of segregation of duties could result in a financial statement misstatement, caused by error or fraud that would not be detected or prevented by District staff.

Recommendation: The District should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

Views of Responsible Officials: The District continues to work to achieve segregation of duties whenever cost effective. The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

Section III – Findings Related to Major Federal Programs

None

Section IV – Findings Related to Major State Financial Assistance Programs

None

Section V – Findings Related to State General Requirements

None