

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**UNITY SCHOOL DISTRICT
BALSAM LAKE, 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 | 40 |
| SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN LIABILITY (ASSET) – LAST TEN MEASUREMENT PERIODS | 41 |
| SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO WISCONSIN RETIREMENT SYSTEM PENSION PLAN – LAST TEN FISCAL YEARS | 42 |
| SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY (ASSET) AND RELATED RATIOS – LAST TEN MEASUREMENT PERIODS | 43 |
| SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO OPEB PLAN – LAST TEN FISCAL YEARS | 44 |
| SCHEDULE OF DISTRICT'S INVESTMENT RETURNS ON OPEB PLAN ASSETS – LAST TEN FISCAL YEARS | 45 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 46 |

UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

| | |
|---|-----------|
| COMBINING BUDGETARY COMPARISON SCHEDULE – FUND 10 AND FUND 27 | 47 |
| BUDGETARY COMPARISON SCHEDULE – FUND 10 | 48 |
| BUDGETARY COMPARISON SCHEDULE – FUND 27 | 49 |
| COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS | 50 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS | 51 |
| DETAILED BALANCE SHEET – DEBT SERVICE FUND | 52 |
| DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – DEBT SERVICE FUND | 53 |

SINGLE AUDIT SECTION

| | |
|--|-----------|
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 54 |
| SCHEDULE OF STATE FINANCIAL ASSISTANCE | 56 |
| NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE | 57 |
| 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> | 58 |
| INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY UNIFORM GUIDANCE AND <i>STATE SINGLE AUDIT GUIDELINES</i> | 60 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 62 |

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Unity School District
Balsam Lake, 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 Unity School District, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 Unity School District, Wisconsin as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During fiscal year ended June 30, 2021, the District adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of GASB Statement No. 84, the District reported a restatement for the change in accounting principle (see Note 4.G.). Our auditors' opinion was not modified with respect to the implementation of this standard.

Other Matters

Required Supplementary Information

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

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual and combining fund financial statements, as listed 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 are also presented for the purposes of additional analysis, 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, and are not a required part of the basic financial statements.

The individual and combining fund financial statements, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the 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 of 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 District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
December 13, 2021

BASIC FINANCIAL STATEMENTS

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2021**

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 1,830,058 |
| Taxes Receivable | 4,115,645 |
| Accounts Receivable | 3,555 |
| Due from Other Governments | 943,855 |
| Due from Fiduciary Funds | 12,046 |
| Other Postemployment Benefits Assets | 14,554 |
| Wisconsin Retirement System Net Pension Asset | 2,538,454 |
| Capital Assets: | |
| Capital Assets Not Being Depreciated | 144,053 |
| Capital Assets Being Depreciated | 38,907,449 |
| Accumulated Depreciation | (11,960,838) |
| Total Assets | 36,548,831 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Wisconsin Retirement System Pension Related | 3,985,407 |
| Other Post-Employment Benefits Related | 141,193 |
| Total Deferred Outflows of Resources | 4,126,600 |
| LIABILITIES | |
| Accounts Payable | 646,188 |
| Accrued Interest Payable | 121,347 |
| Accrued Salaries and Wages | 773,555 |
| Payroll Taxes and Withholdings | 467,345 |
| Unearned Revenue | 16,643 |
| Long-Term Liabilities: | |
| Amounts Due Within One Year | 1,011,214 |
| Amounts Due In More than One Year | 13,425,510 |
| Total Liabilities | 16,461,802 |
| DEFERRED INFLOWS OF RESOURCES | |
| Wisconsin Retirement System Pension Related | 5,561,042 |
| Other Post-Employment Benefits Related | 428,684 |
| Total Deferred Inflows of Resources | 5,989,726 |
| NET POSITION | |
| Net Investment in Capital Assets | 12,653,940 |
| Restricted for: | |
| Unspent Common School Funds | 42,501 |
| Debt Service | 404,988 |
| Capital Improvement Program | 80,473 |
| Scholaship and Student Activities | 199,568 |
| Food Service | 188,175 |
| Community Service | 392,503 |
| Other Postemployment Benefits Assets | 14,554 |
| Wisconsin Retirement System Net Pension Asset | 2,538,454 |
| Unrestricted | 1,708,747 |
| Total Net Position | \$ 18,223,903 |

See accompanying Notes to Basic Financial Statements.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) |
|---|---------------|----------------------|------------------------------------|-------------------------------------|
| | | Charges For Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
| | | | | Total Governmental Activities |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Instruction: | | | | |
| Regular Instruction | \$ 6,215,091 | \$ 632,456 | \$ 578,491 | \$ (5,004,144) |
| Vocational Instruction | 189,924 | 20,232 | 17,552 | (152,140) |
| Special Instruction | 1,274,787 | 33 | 513,283 | (761,471) |
| Other Instruction | 667,365 | 107,402 | - | (559,963) |
| Total Instruction | 8,347,167 | 760,123 | 1,109,326 | (6,477,718) |
| Support Services: | | | | |
| Pupil Services | 608,867 | 19,012 | 146,964 | (442,891) |
| Instructional Staff Services | 662,992 | 4,404 | 412,647 | (245,941) |
| General Administration Services | 296,090 | - | - | (296,090) |
| Building Administration Services | 701,036 | - | - | (701,036) |
| Business Services | 264,545 | - | 771 | (263,774) |
| Operation and Maintenance of Plant | 1,684,064 | 30,000 | 132,782 | (1,521,282) |
| Pupil Transportation Services | 954,505 | 1,436 | 159,133 | (793,936) |
| Food Service | 743,804 | 10,632 | 778,910 | 45,738 |
| Internal Services | 59,166 | - | - | (59,166) |
| Central Services | 24,383 | - | - | (24,383) |
| Insurance and Judgments | 166,436 | - | - | (166,436) |
| Interest and Fiscal Fees | 350,756 | - | - | (350,756) |
| Other Support Services | 303,005 | - | 22,438 | (280,567) |
| Community Services | 579,082 | 167,230 | 91,930 | (319,922) |
| Post-Secondary Scholarships | 35,090 | - | - | (35,090) |
| Depreciation - Unallocated * | 1,602,889 | - | - | (1,602,889) |
| Total Support Services | 9,036,710 | 232,714 | 1,745,575 | (7,058,421) |
| Total Primary Government | \$ 17,383,877 | \$ 992,837 | \$ 2,854,901 | (13,536,139) |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes, Levied for General Purposes | | | | 8,912,149 |
| Property Taxes, Levied for Debt Purposes | | | | 1,308,986 |
| Property Taxes, Levied for Community Service Purposes | | | | 551,578 |
| Other Taxes | | | | 7,458 |
| State and Federal Aids Not Restricted to Specific Functions | | | | 3,079,859 |
| Interest and Investment Earnings | | | | 13,853 |
| Miscellaneous | | | | 145,869 |
| Total General Revenues | | | | 14,019,752 |
| Change in Net Position | | | | 483,613 |
| Net Position - Beginning of Year | | | | 17,578,394 |
| Change in Accounting Principle | | | | 161,896 |
| Net Position - Beginning of Year (Restated) | | | | 17,740,290 |
| Net Position - End of Year | | | | \$ 18,223,903 |

* This amount excludes depreciation included in the direct expense of the various functions - see Note 3.C.

See accompanying Notes to Basic Financial Statements.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

| | Major Funds | | | Other Governmental Funds | Totals |
|--------------------------------------|---------------------|-------------------------|-----------------------------|--------------------------------|---------------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | | |
| ASSETS | | | | | |
| Cash and Investments | \$ 381,833 | \$ 518,953 | \$ - | \$ 929,272 | \$ 1,830,058 |
| Taxes Receivable | 4,115,645 | - | - | - | 4,115,645 |
| Accounts Receivable | 2,555 | - | - | 1,000 | 3,555 |
| Due from Other Governments | 896,233 | - | - | 47,622 | 943,855 |
| Due from Other Governmental Funds | 98,000 | - | - | 5,000 | 103,000 |
| Due from Fiduciary Funds | 12,046 | - | - | - | 12,046 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 5,506,312</u> | <u>\$ 518,953</u> | <u>\$ -</u> | <u>\$ 982,894</u> | <u>\$ 7,008,159</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 644,306 | \$ - | \$ - | \$ 1,882 | \$ 646,188 |
| Accrued Salaries and Wages | 769,114 | - | - | 4,441 | 773,555 |
| Payroll Taxes and Withholdings | 466,136 | - | - | 1,209 | 467,345 |
| Due to Other Governmental Funds | 5,000 | - | - | 98,000 | 103,000 |
| Unearned Revenue | - | - | - | 16,643 | 16,643 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | 1,884,556 | - | - | 122,175 | 2,006,731 |
| Fund Balances: | | | | | |
| Restricted | 42,501 | 518,953 | - | 860,719 | 1,422,173 |
| Unassigned | 3,579,255 | - | - | - | 3,579,255 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | 3,621,756 | 518,953 | - | 860,719 | 5,001,428 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balances | <u>\$ 5,506,312</u> | <u>\$ 518,953</u> | <u>\$ -</u> | <u>\$ 982,894</u> | <u>\$ 7,008,159</u> |

See accompanying Notes to Basic Financial Statements.

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

Total Fund Balances - Governmental Funds \$ 5,001,428

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:

| | | |
|--------------------------|---------------------|------------|
| Capital Assets | \$ 39,051,502 | |
| Accumulated Depreciation | <u>(11,960,838)</u> | 27,090,664 |

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

| | | |
|--|----------------|--------------|
| General Obligation Debt | 13,176,834 | |
| Capital Leases Payable | 1,082,936 | |
| Accrued Interest Payable on Long-Term Debt | <u>121,347</u> | (14,381,117) |

Net pension and OPEB assets, and deferred inflows of resources and deferred outflows of resources related to pensions and OPEB are not financial resources, and are therefore, not reported in the governmental funds:

| | | |
|--|----------------|---------|
| Wisconsin Retirement System Pension Plan (Asset) Liability | (2,538,454) | |
| Deferred Outflows of Resources - Pension Related | (3,985,407) | |
| Deferred Inflows of Resources - Pension Related | 5,561,042 | |
| Other Postemployment Benefits (Asset) Liability | (14,554) | |
| Deferred Outflows of Resources - OPEB Related | (141,193) | |
| Deferred Inflows of Resources - OPEB Related | <u>428,684</u> | 689,882 |

The premium on debt issued is deferred in the statement of net position and amortized over the life of the related debt. In the governmental funds the premium is considered an other financing source when received.

(176,954)

Net Position of Governmental Activities **\$ 18,223,903**

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

| | Major Funds | | | | Totals |
|--|---------------------|-------------------------|-----------------------------|--------------------------------|---------------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | |
| REVENUES | | | | | |
| Local Sources: | | | | | |
| Property Taxes | \$ 8,912,149 | \$ 1,308,986 | \$ - | \$ 551,578 | \$ 10,772,713 |
| Other Local Sources | 61,267 | 58 | - | 258,154 | 319,479 |
| Interdistrict Sources | 734,951 | - | - | - | 734,951 |
| Intermediate Sources | 15,732 | - | - | 1,000 | 16,732 |
| State Sources | 4,095,497 | - | - | 105,876 | 4,201,373 |
| Federal Sources | 942,379 | - | - | 781,438 | 1,723,817 |
| Other Sources | 97,773 | - | - | 652 | 98,425 |
| Total Revenues | <u>14,859,748</u> | <u>1,309,044</u> | <u>-</u> | <u>1,698,698</u> | <u>17,867,490</u> |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Regular Instruction | 6,441,049 | - | - | 792 | 6,441,841 |
| Vocational Instruction | 208,078 | - | - | - | 208,078 |
| Special Instruction | 1,369,837 | - | - | 16,474 | 1,386,311 |
| Other Instruction | 690,396 | - | - | 36,489 | 726,885 |
| Support Services: | | | | | |
| Pupil Services | 653,287 | - | - | - | 653,287 |
| Instructional Staff Services | 698,924 | - | - | - | 698,924 |
| General Administration | 307,835 | - | - | - | 307,835 |
| School Building Administration | 755,438 | - | - | 2,300 | 757,738 |
| Business Services | 286,606 | - | - | - | 286,606 |
| Operation and Maintenance of Plant | 1,893,393 | - | 99,938 | 81,913 | 2,075,244 |
| Pupil Transportation Services | 907,411 | - | - | - | 907,411 |
| Food Service | - | - | - | 769,568 | 769,568 |
| Internal Services | 60,530 | - | - | - | 60,530 |
| Central Services | 24,834 | - | - | - | 24,834 |
| Insurance and Judgments | 166,436 | - | - | - | 166,436 |
| Debt Service | 27,412 | 1,216,064 | - | 136,699 | 1,380,175 |
| Other Support Services | 360,064 | - | - | 1,890 | 361,954 |
| Community Services | - | - | 9,097 | 594,457 | 603,554 |
| Post-Secondary Scholarships | - | - | - | 35,090 | 35,090 |
| Total Expenditures | <u>14,851,530</u> | <u>1,216,064</u> | <u>109,035</u> | <u>1,675,672</u> | <u>17,852,301</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 8,218 | 92,980 | (109,035) | 23,026 | 15,189 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | - | 5,000 | 5,000 |
| Transfers Out | (5,000) | - | - | - | (5,000) |
| Net Other Financing Sources (Uses) | <u>(5,000)</u> | <u>-</u> | <u>-</u> | <u>5,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 3,218 | 92,980 | (109,035) | 28,026 | 15,189 |
| Fund Balances - Beginning of Year | 3,618,538 | 425,973 | 109,035 | 670,797 | 4,824,343 |
| Change in Accounting Principle | - | - | - | 161,896 | 161,896 |
| Fund Balances - Beginning of Year - Restated | <u>3,618,538</u> | <u>425,973</u> | <u>109,035</u> | <u>832,693</u> | <u>4,986,239</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 3,621,756</u> | <u>\$ 518,953</u> | <u>\$ -</u> | <u>\$ 860,719</u> | <u>\$ 5,001,428</u> |

See accompanying Notes to Basic Financial Statements.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, 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 \$ 15,189

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 | \$ 489,642 | |
| Depreciation Expense Reported in the Statement of Activities | <u>(1,862,068)</u> | (1,372,426) |

In the statement of activities, the gain or loss on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

The gain (loss) on disposal of capital assets during the year is: (77,744)

Wisconsin Retirement System Pension Plan:

Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

| | | |
|--|----------------|---------|
| Pension Plan | 744,632 | |
| Other Post-Employment Benefits Payable | <u>144,543</u> | 889,175 |

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is: 986,886

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

| | | |
|--|------------------|-------|
| Interest Paid During the Current Period | 393,251 | |
| Interest Accrued During the Current Period | <u>(386,109)</u> | 7,142 |

The premium on debt issued is amortized over the life of the related debt in the statement of activities. The debt premium is considered an other financing source in the governmental funds. In the current year this amount consists of

35,391

Change in Net Position of Governmental Activities \$ 483,613

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

| | <u>Employee Benefit Trust Funds</u> |
|---------------------------|---|
| ASSETS | |
| Cash and Investments | \$ 1,965,988 |
| LIABILITIES | |
| Due to Governmental Funds | <u>12,046</u> |
| NET POSITION | |
| Restricted | <u><u>\$ 1,953,942</u></u> |

See accompanying Notes to Basic Financial Statements.

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

| | <u>Employee Benefit Trust Funds</u> | <u>Private Purpose Trust Funds</u> |
|---|---|--|
| ADDITIONS | | |
| Local Sources: | | |
| Interest | \$ 8,848 | \$ - |
| Other Sources | 317,899 | - |
| Total Additions | <u>326,747</u> | <u>-</u> |
| DEDUCTIONS | | |
| Trust Fund Disbursements | <u>130,482</u> | <u>-</u> |
| CHANGE IN NET POSITION | 196,265 | - |
| Net Position - Beginning of Year | 812,275 | 88,674 |
| Change in Accounting Principle | <u>945,402</u> | <u>(88,674)</u> |
| Net Position - Beginning of Year - Restated | <u>1,757,677</u> | <u>-</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 1,953,942</u></u> | <u><u>\$ -</u></u> |

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**UNITY SCHOOL DISTRICT
BALSAM LAKE, 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 Unity School District (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 Unity School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades pre-kindergarten through twelve and is comprised of all or parts of eleven 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

UNITY SCHOOL DISTRICT
BALSAM LAKE, 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)

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.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by trust funds).

Additionally, the District reports the following fiduciary fund:

Employee Benefit Trust Fund – The Employee Benefit Trust Fund is used to account for assets held by the District in a trustee capacity for employees. Such assets include early retirement benefits.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, 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 and fiduciary trust funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Fiduciary agency funds do not have a measurement focus.

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

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.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

Investments of the District are stated at fair value. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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.

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 county treasurer for those taxes collected on their behalf. The county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county 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 County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which 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.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

Accounts Receivable. All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

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 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. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

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

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

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|-------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Land | \$5,000 | N/A | N/A |
| Land Improvements | 5,000 | Straight-line | 20 Years |
| Buildings | 5,000 | Straight-line | 50 Years |
| Building Improvements | 5,000 | Straight-line | 7-30 Years |
| Furniture and Equipment | 5,000 | Straight-line | 5-20 Years |
| Vehicles | 5,000 | Straight-line | 5 Years |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Deferred Outflows of Resources

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

6. Deferred Inflows of Resources

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

7. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Unity School District Postemployment Benefits Trust (Trust) and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

8. Wisconsin Retirement System Pension Plan 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.

9. 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.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. 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.

11. 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 of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

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 that are legally or contractually required to be maintained intact. 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. It is the District's policy that at the end of each fiscal year, the District will maintain unassigned portion of fund balance for cash flow that is equivalent to a minimum of four months operating costs or 25% of total general fund operating expenditures, whichever is greater.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Equity Classifications (Continued)

Fund Financial Statements (Continued). Committed fund balance is required to be established, modified, or rescinded by resolution of the District Board prior to each year-end. Based on resolution of the District Board, the District Administrator has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's policy to use committed, assigned and finally unassigned fund balance.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTIBILITY

Accounting principles generally accepted in the United States of America require the disclosure of individual funds that have a deficit balance at year end. At June 30, 2021, the day care community services fund, had a deficit balance of \$84,212. It is expected that this deficit will be eliminated with future charges for services for this program.

In the general fund, expenditures exceeded the budgeted amount for expenditures as shown below:

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|------------------------------|------------------|--------------|--------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Undifferentiated Curriculum | \$ 2,343,063 | \$ 2,343,063 | \$ 2,405,477 | \$ (62,414) |
| Regular Curriculum | 2,504,928 | 2,504,928 | 2,592,508 | (87,580) |
| Vocational Curriculum | 202,310 | 202,310 | 208,078 | (5,768) |
| Physical Curriculum | 381,955 | 381,955 | 388,730 | (6,775) |
| Support Services: | | | | |
| Instructional Staff Services | 629,234 | 629,234 | 698,924 | (69,690) |
| General Administration | 270,137 | 270,137 | 307,835 | (37,698) |
| Operation and Maintenance | 1,763,147 | 1,763,147 | 1,893,393 | (130,246) |
| Pupil Transportation | 899,155 | 899,155 | 907,411 | (8,256) |
| Insurance and Judgments | 138,594 | 138,594 | 166,436 | (27,842) |
| Debt Services | 27,402 | 27,402 | 27,412 | (10) |
| Other Support Services | 246,781 | 246,781 | 359,410 | (112,629) |
| Non-Program: | | | | |
| Other Non-Program | 500 | 500 | 654 | (154) |

These overages were determined necessary and authorized by management.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as recommended by the Department of Public Instruction. In addition, the trust fund uses a separate and distinct account. All other funds share in common cash and investment accounts.

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

| | |
|------------------------------|---------------------|
| Governmental Funds | \$ 1,830,058 |
| Fiduciary Funds: | |
| Employee Benefit Trust Funds | 1,965,988 |
| Total | <u>\$ 3,796,046</u> |

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

| | |
|---|---------------------|
| Deposits at Financial Institutions | \$ 2,830,965 |
| Investment with State Local Government | |
| Pooled-Investment Fund | 49,371 |
| Deposits with Fiscal Agent (Employee Benefit Trust Funds) | 915,710 |
| Total | <u>\$ 3,796,046</u> |

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.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions (Continued)

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 Village 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 bank failure, the District's deposits may not be returned. At June 30, 2021, the District's deposits were not exposed to custodial credit risk.

Investments

The District's investments at June 30, 2021 consisted of deposits in the following external investment pool:

Deposits in State Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in the State Investment Fund. Local funds are pooled with state funds and 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 the twelve-month period ended June 30, 2021 was 47 days.

Investments with Fiscal Agent. The deposits with fiscal agent consisted of amount paid into the employee trust fund (see Note 4.B) are held in money market mutual funds. The investments are neither rated nor insured. Interest is earned on a daily basis and funds are available on demand.

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 internal rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates. The short-weighted average maturities of the investments in the above external investment pool mitigates this risk to the District.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. 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), evaluator models using credit information, market movement and sector news (Level 2) 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.

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.

Assets measured at fair value on a recurring basis:

| | Level 1 | Level 2 | Total |
|--|------------|---------|------------|
| Mutual Funds - Equities | \$ 915,710 | \$ - | \$ 915,710 |
| Investments Measured at Amortized Cost | | | 49,371 |
| Total Investments | | | \$ 965,081 |

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations 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.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. 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 Not Being Depreciated | | | | |
| Land | \$ 144,053 | \$ - | \$ - | \$ 144,053 |
| Construction Work in Progress | 347,295 | 53,237 | (400,532) | - |
| Total Capital Assets, Not Being Depreciated | 491,348 | 53,237 | (400,532) | 144,053 |
| Capital Assets, Being Depreciated | | | | |
| Land Improvements | 1,348,400 | 102,747 | - | 1,451,147 |
| Buildings and Improvements | 32,824,685 | 514,046 | (63,539) | 33,275,192 |
| Furniture and Equipment | 4,305,548 | 220,144 | (344,582) | 4,181,110 |
| Total Capital Assets, Being Depreciated | 38,478,633 | 836,937 | (408,121) | 38,907,449 |
| Accumulated Depreciation for | | | | |
| Land Improvements | 704,686 | 53,296 | - | 757,982 |
| Buildings and Improvements | 7,346,060 | 1,438,026 | (28,593) | 8,755,493 |
| Furniture and Equipment | 2,378,401 | 370,746 | (301,784) | 2,447,363 |
| Total Accumulated Depreciation | 10,429,147 | 1,862,068 | (330,377) | 11,960,838 |
| Total Capital Assets, Being Depreciated, Net | 28,049,486 | (1,025,131) | (77,744) | 26,946,611 |
| Governmental Activities Capital Assets, Net | <u>\$ 28,540,834</u> | <u>\$ (971,894)</u> | <u>\$ (478,276)</u> | <u>\$ 27,090,664</u> |

Depreciation was charged to governmental functions as follows:

| | |
|--|---------------------|
| Instruction: | |
| Regular Instruction | \$ 213,253 |
| Support Services: | |
| General Administrative Services | 2,326 |
| Operation and Maintenance of Plant | 49,451 |
| Pupil Transportation Services | 47,645 |
| Food Service | 15,935 |
| Unallocated Depreciation | 1,533,458 |
| Total Depreciation for Governmental Activities | <u>\$ 1,862,068</u> |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

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

Interfund Receivables

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|------------------------|---------------------------------|-------------------|-----------------------|
| General Fund | Day Care Community Service Fund | \$ 83,733 | Cash Flow |
| General Fund | Special Projects Fund | 14,267 | Cash Flow |
| General Fund | Employee Benefit Trust Fund | 12,046 | Employee Benefits |
| Capital Projects Fund | General Fund | 5,000 | Finance Capital Costs |
| | | <u>\$ 115,046</u> | |

Interfund Transfers

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Purpose</u> |
|----------------------------|------------------------------|---------------|-----------------------|
| Capital Improvements Fund | General Fund | \$ 5,000 | Finance Capital Costs |

E. Long-Term Obligations

Changes in Long-Term Obligations

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

| | <u>Balances July 1, 2020</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balances June 30, 2021</u> | <u>Amounts Due Within One Year</u> |
|------------------------------|----------------------------------|------------------|---------------------|-----------------------------------|--|
| General Obligation Bonds | | | | | |
| from Direct Placements | \$ 13,230,000 | \$ - | \$ 765,000 | \$ 12,465,000 | \$ 780,000 |
| Notes from Direct Borrowings | 185,834 | - | 90,000 | 95,834 | 95,834 |
| Notes from Direct Placements | 616,000 | - | - | 616,000 | - |
| Bond Premiums | 212,345 | - | 35,391 | 176,954 | - |
| Capital Leases | 1,214,822 | - | 131,886 | 1,082,936 | 135,380 |
| | <u>\$ 15,459,001</u> | <u>\$ -</u> | <u>\$ 1,022,277</u> | <u>\$ 14,436,724</u> | <u>\$ 1,011,214</u> |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

General Obligation Debt

Individual general obligation long-term debt issues outstanding at June 30, 2021 were as follows:

| | <u>Issue Date</u> | <u>Final Maturity Date</u> | <u>Interest Rate</u> | <u>Original Issue</u> | <u>Amount Outstanding</u> |
|---------------------------|-------------------|----------------------------|----------------------|-----------------------|---------------------------|
| General Obligation Bonds: | | | | | |
| School Improvement Bonds | 12/30/15 | 3/1/35 | 2.75%-3.00% | \$ 9,500,000 | \$ 4,770,000 |
| School Improvement Bonds | 3/29/16 | 3/1/25 | 2.00% | 7,995,000 | 7,695,000 |
| General Obligation Notes: | | | | | |
| Promissory Note | 4/16/12 | 3/15/22 | 3.75% | 845,834 | 95,834 |
| Promissory Note | 6/24/19 | 3/1/2029 | 2.33%-2.48% | 616,000 | 616,000 |
| | | | | | <u>\$ 13,176,834</u> |

Annual debt service fund cash flow requirements for retirement of the above long-term debt principal and interest at June 30, 2021 were as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Governmental Activities</u> | | | | | | <u>Total</u> |
|-----------------------------------|-------------------------------------|---------------------|-------------------------------------|-----------------|-------------------------------------|------------------|----------------------|
| | <u>Bonds from Direct Placements</u> | | <u>Notes from Direct Borrowings</u> | | <u>Notes from Direct Placements</u> | | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2022 | \$ 780,000 | \$ 324,013 | \$ 95,834 | \$ 3,577 | \$ - | \$ 14,754 | \$ 1,218,178 |
| 2023 | 795,000 | 308,413 | - | - | 81,000 | 14,754 | 1,199,167 |
| 2024 | 815,000 | 292,513 | - | - | 85,000 | 12,867 | 1,205,380 |
| 2025 | 830,000 | 276,213 | - | - | 85,000 | 10,878 | 1,202,091 |
| 2026 | 845,000 | 272,663 | - | - | 90,000 | 8,872 | 1,216,535 |
| 2027-2031 | 4,610,000 | 1,045,675 | - | - | 275,000 | 13,647 | 5,944,322 |
| 2032-2035 | 3,790,000 | 306,310 | - | - | - | - | 4,096,310 |
| Total | <u>\$ 12,465,000</u> | <u>\$ 2,825,800</u> | <u>\$ 95,834</u> | <u>\$ 3,577</u> | <u>\$ 616,000</u> | <u>\$ 75,772</u> | <u>\$ 16,081,983</u> |

The 2020 equalized valuation of the District is certified by the Wisconsin Department of Revenue. The legal debt limit and margin of indebtedness as of June 30, 2021 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

| | |
|---|-----------------------|
| Debt Limit (10% of \$1,250,993,669) | \$ 125,099,367 |
| Deduct Long-Term Debt Applicable to Debt Margin | 12,560,834 |
| Margin of Indebtedness | <u>\$ 112,538,533</u> |

The District's outstanding notes from direct borrowings and direct placements and direct placement general obligation bonds payable are backed by the full faith and credit of the District. The general obligation debt in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. The direct borrowings contain provisions that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

The District does not have any unused lines of credit as of June 30, 2021.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Capital Leases

At June 30, 2021, the District had two capital leases outstanding. On June 1, 2019 the District entered into a lease agreement with Apple Financial Services in the amount of \$105,400 for the purchase of Apple Macbooks. On October 30, 2019, the District entered into a lease agreement with BCICapital, Inc. for the purchase of a modular building for the District's childcare program in the amount of \$1,191,014.

The cost and accumulated depreciation recorded for these items is \$1,708,430 and \$361,508, respectively as of June 30, 2021. Future lease payment requirements under the capital lease and the present value of the lease payments at June 30, 2021 are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Amount</u> |
|--|----------------------------|
| 2022 | \$ 164,101 |
| 2023 | 164,099 |
| 2024 | 136,698 |
| 2025 | 136,698 |
| 2026 | 136,699 |
| 2027-2029 | <u>478,445</u> |
| Total Minimum Lease Payments | 1,216,740 |
| Less: Amount Representing Interest | <u>133,804</u> |
| Present Value Net Minimum Lease Payments | <u><u>\$ 1,082,936</u></u> |

F. Governmental Fund Balances

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

| | <u>Total</u> | <u>Restricted</u> | <u>Unassigned</u> |
|--|----------------------------|----------------------------|----------------------------|
| Major Funds: | | | |
| General Fund | | | |
| Unassigned | \$ 3,579,255 | \$ - | \$ 3,579,255 |
| Common School Funds | 22,358 | 22,358 | - |
| CTE Funds | <u>20,143</u> | <u>20,143</u> | <u>-</u> |
| Subtotal General Fund | 3,621,756 | 42,501 | 3,579,255 |
| Debt Service Fund | 518,953 | 518,953 | - |
| Nonmajor Funds: | | | |
| Special Revenue Funds: | | | |
| Education Trust Fund | 199,568 | 199,568 | - |
| Food Service Fund: | | | |
| Restricted | 188,175 | 188,175 | - |
| Community Services: | | | |
| Adult Recreation and Education Fund | 243,212 | 243,212 | - |
| Drivers Education Fund | 47,595 | 47,595 | - |
| Pool Fund | 103,826 | 103,826 | - |
| After School Program Fund | 82,082 | 82,082 | - |
| Day Care Fund | (84,212) | (84,212) | - |
| Capital Improvements Fund | <u>80,473</u> | <u>80,473</u> | <u>-</u> |
| Subtotal Nonmajor Funds | <u>860,719</u> | <u>860,719</u> | <u>-</u> |
| Total Governmental Funds Balances at June 30, 2021 | <u><u>\$ 5,001,428</u></u> | <u><u>\$ 1,422,173</u></u> | <u><u>\$ 3,579,255</u></u> |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION

A. 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 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/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 occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 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.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

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

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

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

During the District's reporting period July 1, 2020 through June 30, 2021, the WRS recognized \$476,553 in contributions from the employer.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

Contribution rates as of June 30, 2021 are:

| | | |
|------------------------------|-----------------|-----------------|
| | Employee | Employer |
| General (including Teachers) | 6.75 % | 6.75 % |

Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported an asset of \$2,538,454 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 0.04065991%, which was a decrease of 0.00044966% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension revenue of \$267,334.

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

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ 3,673,921 | \$ (791,356) |
| Effect of Changes of Assumptions | 57,577 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | (4,765,741) |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | 5,854 | (3,945) |
| District Contributions Subsequent to the Measurement Date | 248,055 | - |
| Total | \$ 3,985,407 | \$ (5,561,042) |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Plan Benefits (Continued)

Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$248,055 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability 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:

| Year Ended June 30: | Pension Expense Amount |
|---------------------------|------------------------------|
| 2022 | \$ (466,418) |
| 2023 | (127,571) |
| 2024 | (864,241) |
| 2025 | (365,457) |
| Thereafter | - |

Actuarial assumptions. The total pension liability (asset) in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|----------------------------------|
| Actuarial Valuation Date: | December 31, 2019 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2020 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 7.0% |
| Discount Rate: | 7.0% |
| Salary Increases: | 3.1% to 8.6% including inflation |
| 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 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.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

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

| Asset Class | Core Asset Allocation | | Variable Asset Allocation | |
|----------------------------|-----------------------|--|---------------------------|--|
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Domestic Equity | N/A | N/A | 70% | 4.1% |
| International Equity | N/A | N/A | 30% | 4.9% |
| Equities | 51.0% | 4.7% | N/A | N/A |
| Fixed Income | 25.0% | 0.8% | N/A | N/A |
| Inflation Sensitive Assets | 16.0% | -0.4% | N/A | N/A |
| Real Estate | 8.0% | 3.1% | N/A | N/A |
| Private Equity/Debt | 11.0% | 7.6% | N/A | N/A |
| Multi-Asset | 4.0% | 3.3% | N/A | N/A |
| Cash | -15.0% | 4.1% | N/A | N/A |
| Totals | 100% | | 100% | |

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

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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) | \$ 2,416,256 | \$ (2,538,454) | \$ (6,177,653) |

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>.

B. Other Postemployment Benefit Other Than Pensions (OPEB)

Single-Employer Plan

Plan description

The Unity School District's plan is a single-employer defined benefit plan used to provide postemployment benefits other than pensions (OPEB). The District's OPEB consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below. The School Board of the Unity School District is designated as the administrator of the OPEB plan and it reserves the right to alter, amend, or terminate the OPEB at any time for any reason, without consent.

Benefits provided

Teachers: At least 10 years of service as of July 1, 2012. Upon retirement, the District will contribute an additional \$1,000 per year of service worked as of July 1, 2012, up to a maximum of 14 years, to the HRA of eligible retirees. This additional amount will be contributed evenly over a period of 7 years but not to exceed Medicare-eligibility. Retirees that have less than 7 years to reach Medicare-eligibility will have their additional HRA amount of contributed evenly over the number of years remaining to become Medicare-eligible.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

Benefits provided (Continued)

At least 15 years of service as of July 1, 2012. Upon retirement, the District will contribute an additional \$1,500 per year of service worked as of July 1, 2012, up to a maximum of 30 years, to the HRA of eligible retirees. This additional amount will be contributed evenly over a period of 7 years but not to exceed Medicare-eligibility. Retirees that have less than 7 years to reach Medicare-eligibility will have their additional HRA amount of contributed evenly over the number of years remaining to become Medicare-eligible.

Notes:

- *HRA funds may be used towards premiums to remain on the District's health plan or with an outside provider or for approved medical expenses.*
- *Upon retirement, retirees may self-pay the full(100%) amount of required premiums to remain on the District's health plan until Medicare eligible.*

District Administrators: Funded during active years of service. The District shall provide and HRA contribution of \$1,000 until the age of WRS eligibility. These funds will be provided during active years of service and deposited into the individual's HRA account at the end of each school year (last week in July).

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

| | |
|---|-----|
| Inactive plan members or beneficiaries currently receiving benefit payments | 6 |
| Inactive plan members entitled to but not yet receiving benefit payments | 13 |
| Active plan members | 135 |
| | 154 |

Contributions

Per Article 6 of 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, the District contributed \$176,950 to the plan.

Investments

Investment policy. The School Board of the Unity School District' policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board that all investments shall be made and administered in compliance with legal requirements, sections 25.50, 34.05, 34.08, 66.06.07, 120.11(3), 120.12(7), 120.16(5) Wisconsin State Statutes and other regulatory authorities.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

Investments (Continued)

The following was the School Board's asset allocation policy as of June 30, 2021:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|-------------------------|------------------------------|
| Mutual Funds - Equities | 100.0% |

Rate of Return. For the year ended June 30, 2021, the annual money-weighted rate of return, net of investment expense, was .56 percent.

Net OPEB Liability (Asset)

| | |
|---|--------------------|
| Total OPEB Liability - Ending (a) | \$ 889,110 |
| Plan Fiduciary Net Position - Ending (b) | <u>903,664</u> |
| District's Net OPEB Asset - Ending (a) - (b) | <u>\$ (14,554)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) | 101.64% |

The District's net OPEB asset was measured as of June 30, 2021, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total OPEB liability (asset) in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------------------|---|
| Salary Increases: | 3.0% |
| Assumed Rate of Return on Plan Assets | 2.25% |
| Plan Participation of Future Retirees | 40.0% |
| Discount Rate: | 2.25% |
| Healthcare Cost Trend Rates | 6.50% decreasing 0.10% per year to 5.0% and level thereafter |

Mortality rates were based on the Wisconsin Projected Experience Table for Men and Women. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study conducted in 2018 using WRS experience from 2015-2017.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB plan investments was determined based on the District's investment in mutual. Given this information and based upon the actuary's determination that the level of asset in the District's trust will remain sufficient to pay future retiree benefits, the District determined a 2.25 percent long-term expected rate of return to be reasonable for valuation purposes.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|------------------------------|---|
| Mutual Funds - Equities | 100.0% | 2.25% |

Discount Rate

The discount rate used to measure the total OPEB liability (asset) was 2.25 percent based upon all projected payments discounted at a long-term expected rate of return of 2.25 percent. This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). Further, the discount rate was determined by looking at actual investment returns for the last three years and take the rounded average, therefore a discount rate of 2.25 percent was used in calculating the District's total OPEB liability.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

Changes in the Net OPEB Liability (Asset)

| | Total OPEB Liability (Asset) (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (Asset) (a-b) |
|--|--|--|--|
| Balances at June 30, 2020 | \$ 1,169,689 | \$ 812,275 | \$ 357,414 |
| Changes for the year: | | | |
| Service Cost | 53,997 | - | 53,997 |
| Interest | 25,908 | - | 25,908 |
| Differences Between Expected and Actual Experience | (228,465) | - | (228,465) |
| Changes of Assumptions or Other Input | (41,537) | - | (41,537) |
| Contributions - Employer | - | 176,950 | (176,950) |
| Net Investment Income | - | 4,921 | (4,921) |
| Benefit Payments | (90,482) | (90,482) | - |
| Net Changes | (280,579) | 91,389 | (371,968) |
| Balances at June 30, 2021 | \$ 889,110 | \$ 903,664 | \$ (14,554) |

Sensitivity of the net OPEB liability (asset) to changes in the discount rate

The following presents the net OPEB (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease (1.25%) | Current Discount Rate (2.25%) | 1% Increase (3.25%) |
|------------------------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB Liability (Asset) 6/30/21 | \$ 30,398 | \$ (14,554) | \$ (57,881) |

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates

The following presents the net OPEB asset of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$32,407. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Experience | \$ 64,373 | \$ 205,618 |
| Changes of Assumptions or Other Input | 53,108 | 223,066 |
| Net Difference Between Projected and Actual Earnings on OPEB Investments | 23,712 | - |
| Total | <u>\$ 141,193</u> | <u>\$ 428,684</u> |

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30:</u> | OPEB Expense Amount |
|----------------------------|---------------------------|
| 2022 | \$ (28,249) |
| 2023 | (30,699) |
| 2024 | (32,563) |
| 2025 | (34,589) |
| 2026 | (37,453) |
| Thereafter | (123,938) |

The plan does not issue separate financial statements.

C. Defined Contribution Plan

The District also sponsors a defined contribution retirement plan under a Health Reimbursement Arrangement (HRA). The District contributes \$1,000 per year for each full-time eligible teacher until the age of retirement. The funds are deposited into individual accounts upon successful completion of services for the preceding year. The teacher is considered fully vested into the HRA when the teacher has completed at least 15 years with the District and upon retirement will have access to their HRA funds. Contributions made on behalf of the employees who terminate employment or do not meet the vesting requirements will be reverted back into the District's HRA fund. The District contributed \$86,600 to the Plan during 2020-21.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. 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. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims have not exceeded this commercial coverage in any of the past three years.

E. 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 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, 1992.
- A referendum on or after August 12, 1993.

F. Contingencies

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Change in Accounting Principle

During the year ended June 30, 2021, the District adopted GASB Statement No. 84 *Fiduciary Activities*. This pronouncement required the restatement of the June 30, 2020 net position of the governmental activities and fund balance of the Other Governmental Funds to move certain activity out of the fiduciary activities into the governmental funds as shown below:

| | Governmental Activities | Other Governmental Funds | Employee Benefit Trust Fund | Private Purpose Trust Fund |
|--|----------------------------|--------------------------------|--------------------------------------|-------------------------------------|
| Net Position/Fund Balance, June 30, 2020, as Previously Reported | \$ 17,578,394 | \$ 31,059 | \$ 812,275 | \$ 88,674 |
| GASB 84 Implementation | <u>161,896</u> | <u>161,896</u> | <u>945,402</u> | <u>(88,674)</u> |
| Net Position/Fund Balance, June 30, 2020, as Restated | <u>\$ 17,740,290</u> | <u>\$ 192,955</u> | <u>\$ 1,757,677</u> | <u>\$ -</u> |

In addition to the Private Purpose Trust Fund, \$73,221 is included in the restatement of Other Governmental Funds and Governmental Activities relating to the Agency Fund reported in the Statement of Net Position in the 2019-20 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**UNITY SCHOOL DISTRICT
BALSAM LAKE, 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 | \$ 8,912,149 | \$ 8,912,149 | \$ 8,912,149 | \$ - |
| Other Local Sources | 68,950 | 68,950 | 61,267 | (7,683) |
| Interdistrict Sources | 742,316 | 742,316 | 734,951 | (7,365) |
| Intermediate Sources | 14,495 | 14,495 | 15,732 | 1,237 |
| State Sources | 4,070,451 | 4,070,451 | 4,095,497 | 25,046 |
| Federal Sources | 687,678 | 687,678 | 942,379 | 254,701 |
| Other Sources | 23,500 | 23,500 | 97,773 | 74,273 |
| Total Revenues | <u>14,519,539</u> | <u>14,519,539</u> | <u>14,859,748</u> | <u>340,209</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Undifferentiated Curriculum | 2,343,063 | 2,343,063 | 2,405,477 | (62,414) |
| Regular Curriculum | 2,504,928 | 2,504,928 | 2,592,508 | (87,580) |
| Vocational Curriculum | 202,310 | 202,310 | 208,078 | (5,768) |
| Physical Curriculum | 381,955 | 381,955 | 388,730 | (6,775) |
| Special Education Curriculum | 1,237,403 | 1,320,323 | 1,260,468 | 59,855 |
| Co-Curricular Activities | 322,224 | 322,224 | 301,666 | 20,558 |
| Other Special Needs | 176,509 | 93,589 | 86,255 | 7,334 |
| Total Instruction | <u>7,168,392</u> | <u>7,168,392</u> | <u>7,243,182</u> | <u>(74,790)</u> |
| Support Services: | | | | |
| Pupil Services | 723,002 | 723,002 | 653,287 | 69,715 |
| Instructional Staff Services | 629,234 | 629,234 | 698,924 | (69,690) |
| General Administration | 270,137 | 270,137 | 307,835 | (37,698) |
| School Building Administration | 766,383 | 766,383 | 755,438 | 10,945 |
| Business Administration | 299,736 | 299,736 | 286,606 | 13,130 |
| Operation and Maintenance | 1,763,147 | 1,763,147 | 1,893,393 | (130,246) |
| Pupil Transportation | 899,155 | 899,155 | 907,411 | (8,256) |
| Internal Services | 85,400 | 85,400 | 60,530 | 24,870 |
| Central Services | 26,000 | 26,000 | 24,834 | 1,166 |
| Insurance and Judgments | 138,594 | 138,594 | 166,436 | (27,842) |
| Debt Services | 27,402 | 27,402 | 27,412 | (10) |
| Other Support Services | 246,781 | 246,781 | 359,410 | (112,629) |
| Total Support Services | <u>5,874,971</u> | <u>5,874,971</u> | <u>6,141,516</u> | <u>(266,545)</u> |
| Non-Program: | | | | |
| Purchased Instructional Services | 1,475,676 | 1,475,676 | 1,466,178 | 9,498 |
| Other Non-Program | 500 | 500 | 654 | (154) |
| Total Non-Program | <u>1,476,176</u> | <u>1,476,176</u> | <u>1,466,832</u> | <u>9,344</u> |
| Total Expenditures | <u>14,519,539</u> | <u>14,519,539</u> | <u>14,851,530</u> | <u>(331,991)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | - | 8,218 | 8,218 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | - | - | (5,000) | (5,000) |
| NET CHANGE IN FUND BALANCE | - | - | 3,218 | 3,218 |
| Fund Balance - Beginning of Year | 3,618,538 | 3,618,538 | 3,618,538 | - |
| FUND BALANCE - END OF YEAR | <u>\$ 3,618,538</u> | <u>\$ 3,618,538</u> | <u>\$ 3,621,756</u> | <u>\$ 3,218</u> |

See accompanying Notes to Required Supplementary Information.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN LIABILITY (ASSET)
LAST TEN MEASUREMENT PERIODS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

| Measurement Date, December 31, | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|----------------|--------------|--------------|----------------|--------------|----------------|----------------|
| District's proportion of the net pension liability (asset) | 0.04659001% | 0.04549624% | 0.04411217% | 0.04290453% | 0.04182677% | 0.04110957% | 0.04065991% |
| District's proportionate share of the net pension liability (asset) | \$ (1,144,378) | \$ 739,305 | \$ 363,590 | \$ (1,273,886) | \$ 1,488,065 | \$ (1,325,560) | \$ (2,538,454) |
| District's covered payroll | \$ 6,411,811 | \$ 6,259,991 | \$ 6,133,239 | \$ 6,275,257 | \$ 6,285,077 | \$ 6,440,791 | \$ 6,821,909 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -17.85% | 11.81% | 5.93% | -20.30% | 23.68% | -20.58% | -37.21% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 102.74% | 98.20% | 99.12% | 102.93% | 96.45% | 102.96% | 105.26% |

The amounts presented for each fiscal year were determined as of a measurement date of 12/31 that occurred within the fiscal year.

See accompanying Notes to Required Supplementary Information.

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

| Year Ended, June 30, | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 439,375 | \$ 412,821 | \$ 404,458 | \$ 422,555 | \$ 421,535 | \$ 438,607 | \$ 476,553 |
| Contributions in Relation to the Contractually Required Contributions | (439,375) | (412,821) | (404,458) | (422,555) | (421,535) | (438,607) | (476,553) |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| District's Covered Payroll | \$ 6,370,549 | \$ 6,164,624 | \$ 6,166,198 | \$ 6,261,189 | \$ 6,365,132 | \$ 6,591,351 | \$ 7,060,047 |
| Contributions as a Percentage of Covered Payroll | 6.90% | 6.70% | 6.56% | 6.75% | 6.62% | 6.65% | 6.75% |

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

Changes of Assumptions:

2016 – No significant change in assumptions from the prior year were noted.

2017 – No significant change in assumptions from the prior year were noted.

2018 – No significant change in assumptions from the prior year were noted.

2019 – Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-17. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustments, wage inflation rate, mortality and separation rates.

2020 – No significant change in assumptions from the prior year were noted.

2021 – No significant change in assumptions from the prior year were noted.

See accompanying Notes to Required Supplementary Information.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------------------|---------------------|---------------------|---------------------|--------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 62,127 | \$ 62,127 | \$ 59,457 | \$ 41,661 | \$ 53,997 |
| Interest | 43,210 | 44,101 | 47,340 | 38,358 | 25,908 |
| Differences Between Expected and Actual Experience | - | - | 91,961 | - | (228,465) |
| Changes of Assumptions or Other Input | - | (20,051) | (246,164) | 66,386 | (41,537) |
| Benefit Payments | (111,446) | (48,293) | (116,669) | (103,634) | (90,482) |
| Net Change in Total OPEB Liability | (6,109) | 37,884 | (164,075) | 42,771 | (280,579) |
| Total OPEB Liability - Beginning | 1,259,218 | 1,253,109 | 1,290,993 | 1,126,918 | 1,169,689 |
| Total OPEB Liability - Ending (a) | <u>\$ 1,253,109</u> | <u>\$ 1,290,993</u> | <u>\$ 1,126,918</u> | <u>\$ 1,169,689</u> | <u>\$ 889,110</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions - Employer | \$ 214,473 | \$ - | \$ 235,959 | \$ 216,950 | \$ 176,950 |
| Net Investment Income | 3,840 | 7,601 | 13,537 | 15,782 | 4,921 |
| Benefit Payments | (111,446) | (48,293) | (116,669) | (103,634) | (90,482) |
| Net Change in Plan Fiduciary Net Position | 106,867 | (40,692) | 132,827 | 129,098 | 91,389 |
| Plan Fiduciary Net Position - Beginning | 484,175 | 591,042 | 550,350 | 683,177 | 812,275 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 591,042</u> | <u>\$ 550,350</u> | <u>\$ 683,177</u> | <u>\$ 812,275</u> | <u>\$ 903,664</u> |
| District's Net OPEB Liability - Ending (a) - (b) | <u>\$ 662,067</u> | <u>\$ 740,643</u> | <u>\$ 443,741</u> | <u>\$ 357,414</u> | <u>\$ (14,554)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.17% | 42.63% | 60.62% | 69.44% | 101.64% |
| Covered Employee Payroll | \$ 4,031,069 | \$ 4,031,069 | \$ 5,886,120 | \$ 5,886,120 | \$ 6,440,482 |
| District's Total OPEB Liability as a Percentage of Covered Employee Payroll | 16.42% | 18.37% | 7.54% | 6.07% | -0.23% |

Changes of Assumptions:

2018 – No significant change in assumptions from the prior year were noted.

2019 – The discount rate changed from 3.75 percent in 2017-18 to 3.50 percent in 2018-19.

2020 – The discount rate was changed from 3.50 percent in 2018-19 to 1.76 percent in 2019-20.

2021 – The discount rate was changed from 1.76 percent in 2019-20 to 2.25 percent in 2020-21.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO OPEB PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|------------------|-------------------|--------------------|--------------|-------------------|
| Actuarially Determined Contribution (ADC) | \$ 235,959 | \$ 235,959 | \$ 216,950 | \$ 216,950 | \$ 175,603 |
| Contributions in Relation to the Actuarially Determined Contribution | 214,473 | - | 235,959 | 216,950 | 176,950 |
| Contribution Deficiency (Excess) | <u>\$ 21,486</u> | <u>\$ 235,959</u> | <u>\$ (19,009)</u> | <u>\$ -</u> | <u>\$ (1,347)</u> |
| Covered Employee Payroll | \$ 4,031,069 | \$ 4,031,069 | \$ 5,886,120 | \$ 5,886,120 | \$ 6,440,482 |
| Contributions as a Percentage of Covered Employee Payroll | 5.32% | 0.00% | 4.01% | 3.69% | 2.75% |

Notes to Schedule

Valuation Dated: July 1, 2020

Measurement Dated: June 30, 2021

Methods and assumptions used to determine contribution rates:

| | |
|-----------------------------|--|
| Actuary Cost Method: | Entry Age Normal |
| Amortization Method: | Level-Dollar |
| Asset Valuation Method: | Market Value |
| Inflation: | 2.0% |
| Healthcare Cost Trend Rates | 6.5% decreasing 0.10% per year down to 5.0%, and level thereafter |
| Salary Increases: | 3.00% |
| Discount Rate: | 2.25% |
| Investment Rate of Return: | 2.25% |
| Plan Participation: | 40% of future retirees |
| Mortality: | Wisconsin 2018 mortality table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%) |

See accompanying Notes to Required Supplementary Information.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
SCHEDULE OF DISTRICT'S INVESTMENT RETURNS ON OPEB PLAN ASSETS
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

| <u>Year</u> | |
|-------------|-------|
| 2017 | 0.50% |
| 2018 | 0.95% |
| 2019 | 1.56% |
| 2020 | 1.76% |
| 2021 | 0.56% |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, 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 one digit 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 public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the school board may make alterations to the proposed budget.
- Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of 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.
- Appropriations lapse at year-end unless authorized as a carryover by the school board.

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

EXCESS OF EXPENDITURES OVER BUDGET

Comparisons of actual revenues and expenditures to budgeted amounts for the District's general fund are presented as required supplementary information following the basic financial statements. Expenditures in excess of budgeted amounts at the legally adopted levels for each of the functions are shown in that schedule.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
COMBINING BUDGETARY COMPARISON SCHEDULE
FUND 10 AND FUND 27
YEAR ENDED JUNE 30, 2021**

| | Original Budgets | | | | Final Budgets | | | | Actuals | | | |
|--|------------------|----------------|-------------|--------------|---------------|----------------|-------------|--------------|--------------|----------------|-------------|--------------|
| | Fund 10 | Fund 27 | Elimination | Totals | Fund 10 | Fund 27 | Elimination | Totals | Fund 10 | Fund 27 | Elimination | Totals |
| | General | Special | Adjustments | | General | Special | Adjustments | | General | Special | Adjustments | |
| | Fund | Education Fund | | | Fund | Education Fund | | | Fund | Education Fund | | |
| REVENUES | | | | | | | | | | | | |
| Local Sources: | | | | | | | | | | | | |
| Property Taxes | \$ 8,912,149 | \$ - | \$ - | \$ 8,912,149 | \$ 8,912,149 | \$ - | \$ - | \$ 8,912,149 | \$ 8,912,149 | \$ - | \$ - | \$ 8,912,149 |
| Other Local Sources | 68,950 | - | - | 68,950 | 68,950 | - | - | 68,950 | 61,267 | - | - | 61,267 |
| Interdistrict Sources | 730,316 | 12,000 | - | 742,316 | 730,316 | 12,000 | - | 742,316 | 715,939 | 19,012 | - | 734,951 |
| Intermediate Sources | 14,495 | - | - | 14,495 | 14,495 | - | - | 14,495 | 15,732 | - | - | 15,732 |
| State Sources | 3,624,301 | 446,150 | - | 4,070,451 | 3,624,301 | 446,150 | - | 4,070,451 | 3,610,596 | 484,901 | - | 4,095,497 |
| Federal Sources | 441,983 | 245,695 | - | 687,678 | 441,983 | 245,695 | - | 687,678 | 694,456 | 247,923 | - | 942,379 |
| Other Sources | 23,500 | - | - | 23,500 | 23,500 | - | - | 23,500 | 97,773 | - | - | 97,773 |
| Total Revenues | 13,815,694 | 703,845 | - | 14,519,539 | 13,815,694 | 703,845 | - | 14,519,539 | 14,107,912 | 751,836 | - | 14,859,748 |
| EXPENDITURES | | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | | |
| Undifferentiated Curriculum | 2,343,063 | - | - | 2,343,063 | 2,343,063 | - | - | 2,343,063 | 2,405,477 | - | - | 2,405,477 |
| Regular Curriculum | 2,504,928 | - | - | 2,504,928 | 2,504,928 | - | - | 2,504,928 | 2,592,508 | - | - | 2,592,508 |
| Vocational Curriculum | 201,810 | 500 | - | 202,310 | 201,810 | 500 | - | 202,310 | 208,078 | - | - | 208,078 |
| Physical Curriculum | 381,955 | - | - | 381,955 | 381,955 | - | - | 381,955 | 388,730 | - | - | 388,730 |
| Special Education Curriculum | - | 1,237,403 | - | 1,237,403 | - | 1,320,323 | - | 1,320,323 | - | 1,260,468 | - | 1,260,468 |
| Co-Curricular Activities | 322,224 | - | - | 322,224 | 322,224 | - | - | 322,224 | 301,666 | - | - | 301,666 |
| Other Special Needs | 93,589 | 82,920 | - | 176,509 | 93,589 | - | - | 93,589 | 86,255 | - | - | 86,255 |
| Total Instruction | 5,847,569 | 1,320,823 | - | 7,168,392 | 5,847,569 | 1,320,823 | - | 7,168,392 | 5,982,714 | 1,260,468 | - | 7,243,182 |
| Support Services: | | | | | | | | | | | | |
| Pupil Services | 506,866 | 216,136 | - | 723,002 | 506,866 | 216,136 | - | 723,002 | 428,254 | 225,033 | - | 653,287 |
| Instructional Staff Services | 429,216 | 200,018 | - | 629,234 | 429,216 | 200,018 | - | 629,234 | 503,851 | 195,073 | - | 698,924 |
| General Administration | 270,137 | - | - | 270,137 | 270,137 | - | - | 270,137 | 307,835 | - | - | 307,835 |
| School Building Administration | 766,383 | - | - | 766,383 | 766,383 | - | - | 766,383 | 755,438 | - | - | 755,438 |
| Business Administration | 299,736 | - | - | 299,736 | 299,736 | - | - | 299,736 | 286,606 | - | - | 286,606 |
| Operation and Maintenance | 1,763,147 | - | - | 1,763,147 | 1,763,147 | - | - | 1,763,147 | 1,893,393 | - | - | 1,893,393 |
| Pupil Transportation | 775,205 | 123,950 | - | 899,155 | 775,205 | 123,950 | - | 899,155 | 777,316 | 130,095 | - | 907,411 |
| Internal Services | 85,400 | - | - | 85,400 | 85,400 | - | - | 85,400 | 60,530 | - | - | 60,530 |
| Central Services | 25,500 | 500 | - | 26,000 | 25,500 | 500 | - | 26,000 | 24,834 | - | - | 24,834 |
| Insurance and Judgments | 138,594 | - | - | 138,594 | 138,594 | - | - | 138,594 | 166,436 | - | - | 166,436 |
| Debt Services | 27,402 | - | - | 27,402 | 27,402 | - | - | 27,402 | 27,412 | - | - | 27,412 |
| Other Support Services | 246,781 | - | - | 246,781 | 246,781 | - | - | 246,781 | 359,410 | - | - | 359,410 |
| Total Support Services | 5,334,367 | 540,604 | - | 5,874,971 | 5,334,367 | 540,604 | - | 5,874,971 | 5,591,315 | 550,201 | - | 6,141,516 |
| Non-Program: | | | | | | | | | | | | |
| Purchased Instructional Services | 1,472,176 | 3,500 | - | 1,475,676 | 1,472,176 | 3,500 | - | 1,475,676 | 1,443,064 | 23,114 | - | 1,466,178 |
| Other Non-Program | 500 | - | - | 500 | 500 | - | - | 500 | 654 | - | - | 654 |
| Total Non-Program | 1,472,676 | 3,500 | - | 1,476,176 | 1,472,676 | 3,500 | - | 1,476,176 | 1,443,718 | 23,114 | - | 1,466,832 |
| Total Expenditures | 12,654,612 | 1,864,927 | - | 14,519,539 | 12,654,612 | 1,864,927 | - | 14,519,539 | 13,017,747 | 1,833,783 | - | 14,851,530 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,161,082 | (1,161,082) | - | - | 1,161,082 | (1,161,082) | - | - | 1,090,165 | (1,081,947) | - | 8,218 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers In | - | 1,161,082 | (1,161,082) | - | - | 1,161,082 | (1,161,082) | - | - | 1,081,947 | (1,081,947) | - |
| Transfers Out | (1,161,082) | - | 1,161,082 | - | (1,161,082) | - | 1,161,082 | - | (1,086,947) | - | 1,081,947 | (5,000) |
| Total Other Financing Sources (Uses) | (1,161,082) | 1,161,082 | - | - | (1,161,082) | 1,161,082 | - | - | (1,086,947) | 1,081,947 | - | (5,000) |
| NET CHANGE IN FUND BALANCE | - | - | - | - | - | - | - | - | 3,218 | - | - | 3,218 |
| Fund Balance - Beginning of Year | 3,618,538 | - | - | 3,618,538 | 3,618,538 | - | - | 3,618,538 | 3,618,538 | - | - | 3,618,538 |
| FUND BALANCE - END OF YEAR | \$ 3,618,538 | \$ - | \$ - | \$ 3,618,538 | \$ 3,618,538 | \$ - | \$ - | \$ 3,618,538 | \$ 3,621,756 | \$ - | \$ - | \$ 3,621,756 |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, 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 | \$ 8,912,149 | \$ 8,912,149 | \$ 8,912,149 | \$ - |
| Other Local Sources | 68,950 | 68,950 | 61,267 | (7,683) |
| Interdistrict Sources | 730,316 | 730,316 | 715,939 | (14,377) |
| Intermediate Sources | 14,495 | 14,495 | 15,732 | 1,237 |
| State Sources | 3,624,301 | 3,624,301 | 3,610,596 | (13,705) |
| Federal Sources | 441,983 | 441,983 | 694,456 | 252,473 |
| Other Sources | 23,500 | 23,500 | 97,773 | 74,273 |
| Total Revenues | <u>13,815,694</u> | <u>13,815,694</u> | <u>14,107,912</u> | <u>292,218</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Undifferentiated Curriculum | 2,343,063 | 2,343,063 | 2,405,477 | (62,414) |
| Regular Curriculum | 2,504,928 | 2,504,928 | 2,592,508 | (87,580) |
| Vocational Curriculum | 201,810 | 201,810 | 208,078 | (6,268) |
| Physical Curriculum | 381,955 | 381,955 | 388,730 | (6,775) |
| Co-Curricular Activities | 322,224 | 322,224 | 301,666 | 20,558 |
| Other Special Needs | 93,589 | 93,589 | 86,255 | 7,334 |
| Total Instruction | <u>5,847,569</u> | <u>5,847,569</u> | <u>5,982,714</u> | <u>(135,145)</u> |
| Support Services: | | | | |
| Pupil Services | 506,866 | 506,866 | 428,254 | 78,612 |
| Instructional Staff Services | 429,216 | 429,216 | 503,851 | (74,635) |
| General Administration | 270,137 | 270,137 | 307,835 | (37,698) |
| School Building Administration | 766,383 | 766,383 | 755,438 | 10,945 |
| Business Administration | 299,736 | 299,736 | 286,606 | 13,130 |
| Operation and Maintenance | 1,763,147 | 1,763,147 | 1,893,393 | (130,246) |
| Pupil Transportation | 775,205 | 775,205 | 777,316 | (2,111) |
| Internal Services | 85,400 | 85,400 | 60,530 | 24,870 |
| Central Services | 25,500 | 25,500 | 24,834 | 666 |
| Insurance and Judgments | 138,594 | 138,594 | 166,436 | (27,842) |
| Debt Services | 27,402 | 27,402 | 27,412 | (10) |
| Other Support Services | 246,781 | 246,781 | 359,410 | (112,629) |
| Total Support Services | <u>5,334,367</u> | <u>5,334,367</u> | <u>5,591,315</u> | <u>(256,948)</u> |
| Non-Program: | | | | |
| Purchased Instructional Services | 1,472,176 | 1,472,176 | 1,443,064 | 29,112 |
| Other Non-Program | 500 | 500 | 654 | (154) |
| Total Non-Program | <u>1,472,676</u> | <u>1,472,676</u> | <u>1,443,718</u> | <u>28,958</u> |
| Total Expenditures | <u>12,654,612</u> | <u>12,654,612</u> | <u>13,017,747</u> | <u>(363,135)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 1,161,082 | 1,161,082 | 1,090,165 | (70,917) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (1,161,082) | (1,161,082) | (1,086,947) | 74,135 |
| NET CHANGE IN FUND BALANCE | - | - | 3,218 | 3,218 |
| Fund Balance - Beginning of Year | 3,618,538 | 3,618,538 | 3,618,538 | - |
| FUND BALANCE - END OF YEAR | <u>\$ 3,618,538</u> | <u>\$ 3,618,538</u> | <u>\$ 3,621,756</u> | <u>\$ 3,218</u> |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 27
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Local Sources: | | | | |
| Interdistrict Sources | \$ 12,000 | \$ 12,000 | \$ 19,012 | \$ 7,012 |
| State Sources | 446,150 | 446,150 | 484,901 | 38,751 |
| Federal Sources | 245,695 | 245,695 | 247,923 | 2,228 |
| Total Revenues | <u>703,845</u> | <u>703,845</u> | <u>751,836</u> | <u>47,991</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Vocational Curriculum | 500 | 500 | - | 500 |
| Special Education Curriculum | 1,237,403 | 1,320,323 | 1,260,468 | 59,855 |
| Other Special Needs | 82,920 | - | - | - |
| Total Instruction | <u>1,320,823</u> | <u>1,320,823</u> | <u>1,260,468</u> | <u>60,355</u> |
| Support Services: | | | | |
| Pupil Services | 216,136 | 216,136 | 225,033 | (8,897) |
| Instructional Staff Services | 200,018 | 200,018 | 195,073 | 4,945 |
| Pupil Transportation | 123,950 | 123,950 | 130,095 | (6,145) |
| Central Services | 500 | 500 | - | 500 |
| Total Support Services | <u>540,604</u> | <u>540,604</u> | <u>550,201</u> | <u>(9,597)</u> |
| Non-Program: | | | | |
| Purchased Instructional Services | <u>3,500</u> | <u>3,500</u> | <u>23,114</u> | <u>(19,614)</u> |
| Total Expenditures | <u>1,864,927</u> | <u>1,864,927</u> | <u>1,833,783</u> | <u>31,144</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,161,082) | (1,161,082) | (1,081,947) | 79,135 |
| OTHER FINANCING SOURCES | | | | |
| Transfers In | <u>1,161,082</u> | <u>1,161,082</u> | <u>1,081,947</u> | <u>(79,135)</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> |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
YEAR ENDED JUNE 30, 2021**

| | Special Revenue Funds | | | | | | | | | |
|--|-----------------------|---------------------|-------------------|---|----------------------|-------------------|----------------------------|--|--|------------------------|
| | Community Services | | | | | | | Capital Improvement Trust Program | Total Nonmajor Governmental Funds | |
| | Education Trust | Special Projects | Food Service | Adult Recreation and Education | Drivers Education | Pool | After School Program | | | Day Care Program |
| ASSETS | | | | | | | | | | |
| Cash and Investments | \$ 199,787 | \$ - | \$ 174,242 | \$ 245,322 | \$ 47,595 | \$ 104,771 | \$ 82,082 | \$ - | \$ 75,473 | \$ 929,272 |
| Accounts Receivable | - | - | - | - | - | - | - | 1,000 | - | 1,000 |
| Due from Other Governments | - | 16,474 | 31,148 | - | - | - | - | - | - | 47,622 |
| Due from Other Governmental Funds | - | - | - | - | - | - | - | - | 5,000 | 5,000 |
| Total Assets | \$ 199,787 | \$ 16,474 | \$ 205,390 | \$ 245,322 | \$ 47,595 | \$ 104,771 | \$ 82,082 | \$ 1,000 | \$ 80,473 | \$ 982,894 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts Payable | \$ 219 | \$ - | \$ - | \$ - | \$ - | \$ 184 | \$ - | \$ 1,479 | \$ - | \$ 1,882 |
| Accrued Salaries and Wages | - | 1,709 | 500 | 1,565 | - | 667 | - | - | - | 4,441 |
| Payroll Taxes and Withholdings | - | 498 | 72 | 545 | - | 94 | - | - | - | 1,209 |
| Due to Other Governmental Funds | - | 14,267 | - | - | - | - | - | 83,733 | - | 98,000 |
| Unearned Revenue | - | - | 16,643 | - | - | - | - | - | - | 16,643 |
| Total Liabilities | 219 | 16,474 | 17,215 | 2,110 | - | 945 | - | 85,212 | - | 122,175 |
| Fund Balances: | | | | | | | | | | |
| Restricted | 199,568 | - | 188,175 | 243,212 | 47,595 | 103,826 | 82,082 | (84,212) | 80,473 | 860,719 |
| Total Liabilities and Fund Balances | \$ 199,787 | \$ 16,474 | \$ 205,390 | \$ 245,322 | \$ 47,595 | \$ 104,771 | \$ 82,082 | \$ 1,000 | \$ 80,473 | \$ 982,894 |

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

| | Special Revenue Funds | | | | | | | | Capital Improvement Trust Fund | Total Nonmajor Governmental Funds |
|--|-----------------------|---------------------|--------------------|---|----------------------|------------|----------------------------|------------------------|---|--|
| | | | Community Services | | | | | | | |
| | Education Trust | Special Projects | Food Service | Adult Recreation and Education | Drivers Education | Pool | After School Program | Day Care Program | | |
| REVENUES | | | | | | | | | | |
| Local Sources: | | | | | | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ 147,730 | \$ 16,830 | \$ 125,359 | \$ 93,659 | \$ 168,000 | \$ - | \$ 551,578 |
| Other Local Sources | 81,284 | - | 10,632 | 18,131 | - | 9,958 | - | 138,141 | 8 | 258,154 |
| Intermediate Sources | - | - | - | - | - | - | - | 1,000 | - | 1,000 |
| State Sources | - | - | 13,946 | - | - | - | - | 91,930 | - | 105,876 |
| Federal Sources | - | 16,474 | 764,964 | - | - | - | - | - | - | 781,438 |
| Other Sources | - | - | - | - | - | - | - | 652 | - | 652 |
| Total Revenues | 81,284 | 16,474 | 789,542 | 165,861 | 16,830 | 135,317 | 93,659 | 399,723 | 8 | 1,698,698 |
| EXPENDITURES | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 792 | - | - | - | - | - | - | - | - | 792 |
| Special Instruction | - | 16,474 | - | - | - | - | - | - | - | 16,474 |
| Other Instruction | 36,489 | - | - | - | - | - | - | - | - | 36,489 |
| Support Services: | | | | | | | | | | |
| School Building Administration | 2,300 | - | - | - | - | - | - | - | - | 2,300 |
| Operation and Maintenance of Plant | - | - | - | - | - | 38,473 | 38,431 | 5,009 | - | 81,913 |
| Food Service | - | - | 769,568 | - | - | - | - | - | - | 769,568 |
| Debt Services | - | - | - | - | - | - | - | 136,699 | - | 136,699 |
| Other Support Services | - | - | - | - | - | - | - | 1,890 | - | 1,890 |
| Community Services | - | - | - | 143,609 | 15,902 | 54,051 | 31,633 | 349,262 | - | 594,457 |
| Post-Secondary Scholarships | 35,090 | - | - | - | - | - | - | - | - | 35,090 |
| Total Expenditures | 74,671 | 16,474 | 769,568 | 143,609 | 15,902 | 92,524 | 70,064 | 492,860 | - | 1,675,672 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 6,613 | - | 19,974 | 22,252 | 928 | 42,793 | 23,595 | (93,137) | 8 | 23,026 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers In | - | - | - | - | - | - | - | - | 5,000 | 5,000 |
| NET CHANGE IN FUND BALANCES | 6,613 | - | 19,974 | 22,252 | 928 | 42,793 | 23,595 | (93,137) | 5,008 | 28,026 |
| Fund Balances - Beginning of Year | 31,059 | - | 168,201 | 220,960 | 46,667 | 61,033 | 58,487 | 8,925 | 75,465 | 670,797 |
| Change in Accounting Principle | 161,896 | - | - | - | - | - | - | - | - | 161,896 |
| Fund Balances - Beginning of Year - Restated | 192,955 | - | 168,201 | 220,960 | 46,667 | 61,033 | 58,487 | 8,925 | 75,465 | 832,693 |
| FUND BALANCES - END OF YEAR | \$ 199,568 | \$ - | \$ 188,175 | \$ 243,212 | \$ 47,595 | \$ 103,826 | \$ 82,082 | \$ (84,212) | \$ 80,473 | \$ 860,719 |

UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
DEBT SERVICE FUND
DETAILED BALANCE SHEET
JUNE 30, 2021

| | Referendum Debt Service | Non-Referendum Debt Service | Total |
|--|----------------------------|--------------------------------|------------|
| ASSETS | | | |
| Cash and Investments | \$ 507,122 | \$ 11,831 | \$ 518,953 |
| LIABILITIES AND FUND BALANCES | | | |
| Fund Balances: | | | |
| Restricted | \$ 507,122 | \$ 11,831 | \$ 518,953 |

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
DEBT SERVICE FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES
YEAR END JUNE 30, 2021**

| | Referendum Debt Service | Non-Referendum Debt Service | Total |
|------------------------------------|----------------------------|--------------------------------|--------------------------|
| REVENUES | | | |
| Local Sources: | | | |
| Property Taxes | \$ 1,197,263 | \$ 111,723 | \$ 1,308,986 |
| Other Local Sources | 58 | - | 58 |
| Total Revenues | <u>1,197,321</u> | <u>111,723</u> | <u>1,309,044</u> |
| EXPENDITURES | | | |
| Debt Service: | | | |
| Principal Retirement | 765,000 | 90,000 | 855,000 |
| Interest and Fiscal Fees | <u>339,313</u> | <u>21,751</u> | <u>361,064</u> |
| Total Expenditures | <u>1,104,313</u> | <u>111,751</u> | <u>1,216,064</u> |
| NET CHANGE IN FUND BALANCES | 93,008 | (28) | 92,980 |
| Fund Balances - Beginning of Year | <u>414,114</u> | <u>11,859</u> | <u>425,973</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ 507,122</u></u> | <u><u>\$ 11,831</u></u> | <u><u>\$ 518,953</u></u> |

SINGLE AUDIT SECTION

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR END JUNE 30, 2021**

| Federal Grantor/ Pass-Through Grantor/Program Title | Federal Assistance Listing Number | Pass-Through Entity | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Accrued Receivable (Unearned Revenue) July 1, 2020 | Federal Expenditures | Grant Reimbursements | Accrued Receivable (Unearned Revenue) June 30, 2021 | |
|--|--|------------------------|---|---------------------------------------|--|-------------------------|-------------------------|---|---------|
| <u>U.S. Department of Agriculture</u> | | | | | | | | | |
| Wisconsin Department of Public Instruction: | | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | |
| Noncash Commodities | 10.555 | * | WI DPI | 2021-480238-DPI-NSL-547 | \$ - | \$ - | \$ 48,674 | \$ 48,674 | \$ - |
| COVID 19 - Summer Food Service Program For Children | 10.559 | * | WI DPI | 2021-480238-DPI-SFSP-566 | - | 65,928 | 642,287 | 676,311 | 31,904 |
| Total Child Nutrition Cluster | | | | | - | 65,928 | 690,961 | 724,985 | 31,904 |
| Fresh Fruit and Vegetable Program - July | 10.582 | | WI DPI | 2021-480238-DPI-FFVPJULPUB-594 | - | - | 2,872 | 2,872 | - |
| Fresh Fruit and Vegetable Program - October | 10.582 | | WI DPI | 2021-480238-DPI-FFVPOCTPUB-376 | - | 2,403 | 16,272 | 18,675 | - |
| Farm to School Grant Program | 10.575 | | DIRECT | 0503459900000 | - | - | 54,859 | 54,859 | - |
| Total Department of Agriculture | | | | | - | 68,331 | 764,964 | 801,391 | 31,904 |
| <u>U.S. Department of Education</u> | | | | | | | | | |
| Direct Grant: | | | | | | | | | |
| Impact Aid | 84.041 | | DIRECT | DIRECT | - | - | 127,402 | 127,402 | - |
| Indian Education | 84.060 | | DIRECT | DIRECT | - | - | 16,474 | - | 16,474 |
| Subtotal Direct Grants | | | | | - | - | 143,876 | 127,402 | 16,474 |
| <u>U.S. Department of Education (Continued)</u> | | | | | | | | | |
| Wisconsin Department of Public Instruction: | | | | | | | | | |
| ESEA Title I-A Basic Grant | 84.010 | | WI DPI | 2021-480238-DPI-TIA-141 | - | 182,561 | 181,635 | 182,561 | 181,635 |
| Special Education Cluster: | | | | | | | | | |
| IDEA Flow Through | 84.027 | | WI DPI | 2021-480238-DPI-IDEA-F-341 | - | 127,672 | 214,770 | 127,672 | 214,770 |
| IDEA Preschool Entitlement | 84.173 | | WI DPI | 2021-480238-DPI-IDEA-P-347 | - | 5,200 | 5,294 | 5,200 | 5,294 |
| Total Special Education Cluster | | | | | - | 132,872 | 220,064 | 132,872 | 220,064 |

* Tested as major federal program

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR END JUNE 30, 2021**

| Federal Grantor/ Pass-Through Grantor/Program Title | Federal Assistance Listing Number | Pass-Through Entity | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Accrued Receivable (Unearned Revenue) July 1, 2020 | Federal Expenditures | Grant Reimbursements | Accrued Receivable (Unearned Revenue) June 30, 2021 |
|--|--|------------------------|---|---------------------------------------|--|-------------------------|-------------------------|---|
| <u>U.S. Department of Education (Continued)</u> | | | | | | | | |
| Wisconsin Department of Public Instruction (Continued): | | | | | | | | |
| ESEA Title II-A Teacher and Principal Training and Recruiting Fund | 84.367 | WI DPI | 2021-480238-DPI-TIIA-365 | \$ - | \$ 30,905 | \$ 34,105 | \$ 30,905 | \$ 34,105 |
| Title IV-A Student Support and Academic Enrichment Grant | 84.424 | WI DPI | 2021-480238-DPI-TIVA-A-381 | - | 15,862 | 13,074 | 15,862 | 13,074 |
| COVID-19 - Governor's Emergency Education Relief Fund | 84.425C | WI DPI | 2021-480238-DPI-GEERF-162 | - | - | 133,333 | - | 133,333 |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | 84.425D | WI DPI | 2021-480238-DPI-ESSERF-160 | - | - | 152,302 | - | 152,302 |
| Total Wisconsin Department of Public Instruction | | | | - | 362,200 | 734,513 | 362,200 | 734,513 |
| Total Department of Education | | | | - | 362,200 | 878,389 | 489,602 | 750,987 |
| <u>U.S. Department of Health and Human Services</u> | | | | | | | | |
| Wisconsin Department of Health Services: | | | | | | | | |
| Medicaid Cluster: | | | | | | | | |
| Medical Assistance Program | 93.778 | WI DHS | 44230700 | - | 1,533 | 80,464 | 78,332 | 3,665 |
| Total Federal Program Awards | | | | \$ - | \$ 432,064 | \$ 1,723,817 | \$ 1,369,325 | \$ 786,556 |

* Tested as major federal program

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR END JUNE 30, 2021**

| Award Agency/ Pass-Through Agency/Award Description | State I.D. Number | Pass-Through Entity | Pass-Through Identifying Number | Accrued Receivable (Unearned Revenue) July 1, 2020 | Expenditures | State Reimburse- ments | Accrued Receivable (Unearned Revenue) June 30, 2021 |
|--|-------------------------|------------------------|---------------------------------------|--|---------------------|------------------------------|---|
| <u>Wisconsin Department of Workforce Development</u> | | | | | | | |
| Cost Reimbursement Programs - Nonmajor: | | | | | | | |
| Direct Grant: | | | | | | | |
| Youth Apprenticeship Grant | 455.107 | CESA #11 | FY 2021 | \$ 5,855 | \$ 9,570 | \$ 15,425 | \$ - |
| <u>Wisconsin Department of Public Instruction</u> | | | | | | | |
| Major State Programs: | | | | | | | |
| Major State Programs: | | | | | | | |
| Handicapped Pupils and School Age Parents: | | | | | | | |
| Internal District Programs | 255.101 | [1] WI DPI | 480238-100 | \$ - | \$ 454,423 | \$ 454,423 | \$ - |
| Pupil Transportation | 255.107 | WI DPI | 480238-102 | - | 73,433 | 73,433 | - |
| General Equalization | 255.201 | WI DPI | 480238-116 | 30,417 | 2,099,076 | 2,096,326 | 33,167 |
| Total Major Programs | | | | 30,417 | 2,626,932 | 2,624,182 | 33,167 |
| Nonmajor State Programs: | | | | | | | |
| State Lunch | 255.102 | WI DPI | 480238-107 | - | 5,799 | 5,799 | - |
| Common School Fund | 255.103 | WI DPI | 480238-104 | - | 48,237 | 48,237 | - |
| Morning Milk Program | 255.109 | WI DPI | 480238-109 | - | 4,857 | 4,857 | - |
| High Cost Special Education Aid | 255.210 | WI DPI | 480238-119 | - | 11,036 | 11,036 | - |
| Aid for School Mental Health Programs | 255.227 | WI DPI | 480238-176 | - | 13,063 | 13,063 | - |
| Supplemental Per Pupil Aid | 255.245 | WI DPI | 480238-181 | - | 3,118 | 3,118 | - |
| Special Education Transition Readiness Grant | 255.257 | WI DPI | 480238-174 | - | 14,442 | - | 14,442 |
| School Based Mental Health Services | 255.297 | WI DPI | 480238-177 | 4,583 | 54,346 | 4,583 | 54,346 |
| Peer Review and Mentoring | 255.301 | CESA #11 | FY 2021 | - | 17,010 | - | 17,010 |
| School Breakfast Program | 255.344 | WI DPI | 480238-108 | - | 3,290 | 3,290 | - |
| Tribal Language Revitalization Grant | 255.364 | WI DPI | 480238-155 | 19,818 | 19,053 | 19,818 | 19,053 |
| Early College Credit Program | 255.445 | WI DPI | 480238-178 | - | 1,219 | 1,219 | - |
| Achievement Gap Reduction | 255.504 | WI DPI | 480238-160 | - | 393,158 | 393,158 | - |
| Per Pupil Adjustment Aid | 255.945 | WI DPI | 480238-113 | - | 761,292 | 761,292 | - |
| High-Poverty Aid | 255.926 | WI DPI | 480238-121 | - | 72,069 | 72,069 | - |
| Educator Effectiveness Grant | 255.940 | WI DPI | 480238-154 | - | 6,960 | - | 6,960 |
| High Cost Transportation Aid | 255.947 | WI DPI | 480238-114 | - | 15,092 | 15,092 | - |
| Career and Technical Education Incentive Grant | 255.950 | WI DPI | 480238-152 | - | 7,179 | 7,179 | - |
| Assessments of Reading Readiness Grant | 255.956 | WI DPI | 480238-166 | - | 4,810 | 4,810 | - |
| Robotics League Participation Grant | 255.959 | WI DPI | 480238-167 | - | 803 | - | 803 |
| Aid for Special Education Transition Grant | 255.960 | WI DPI | 480238-168 | - | 5,000 | 5,000 | - |
| <u>Wisconsin Department of Public Instruction</u> | | | | | | | |
| School Safety Grant | 455.206 | WI DPI | SSI-13474 & 14069 | 19,500 | - | 19,500 | - |
| Total Nonmajor Programs | | | | 43,901 | 1,461,833 | 1,393,120 | 112,614 |
| Total State Financial Assistance | | | | <u>\$ 80,173</u> | <u>\$ 4,098,335</u> | <u>\$ 4,032,727</u> | <u>\$ 145,781</u> |

[1] District's 2020-21 Aidable Costs Reported to DPI Totaled \$1,563,320.

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the expenditures of all federal financial assistance programs and state financial assistance of the District subject to inclusion under the federal and state single audit requirements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the State of Wisconsin Single Audit Guidelines, which in certain types of expenditures are not allowable or are limited as to reimbursement. The reporting entity is defined in Note 1 to the financial statements. The information in this Schedule 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 State Single Audit Guidelines. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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.

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 (CFDA #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.



**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
Unity School District
Balsam Lake, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Unity School District, 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 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Unity School District's Response to Findings

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

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

Board of Education
Unity School District
Balsam Lake, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Unity School District, 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 the District's 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.

Auditor's Responsibility

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

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

Opinion on Each 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 of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 and state programs 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 a 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.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the 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

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

SECTION 1: Summary of Auditors' Results

Financial Statements

| | | |
|--|------------|---------------|
| 1. Type of auditors' report issued | | Unmodified |
| 2. Internal control over financial reporting: | <u>Yes</u> | <u>No</u> |
| * Material weakness(es) identified? | X | |
| * Significant deficiency(es)? | | None Reported |
| 3. Noncompliance material to financial statements noted? | | None Reported |

Federal Awards

| | | |
|---|--|---------------|
| 1. Internal control over major programs: | | |
| * Material weakness(es) identified? | | None Reported |
| * Significant deficiency(es)? | | 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)? | | None Reported |

Identification of major Federal Program(s):

| | |
|-------------------------------------|---|
| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|-------------------------------------|---|

| | |
|-------------------|-------------------------|
| 10.555 and 10.559 | Child Nutrition Cluster |
|-------------------|-------------------------|

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

| | |
|--|---|
| Auditee qualified as low-risk auditee? | X |
|--|---|

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

SECTION 1: Summary of Auditors' Results

State Financial Assistance

| | Yes | No |
|--|-----|---------------|
| 1. Internal control over major programs: | | |
| * Material weakness(es) identified? | | None Reported |
| * Significant deficiency(es)? | | 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 Wisconsin Public School District Audit Manual? | | None Reported |

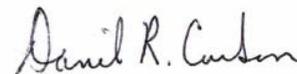
Identification of Major State Program(s):

| State ID Number(s) | Name of State Program or Cluster |
|--------------------|---|
| 255.101 | Handicapped Pupils and School Age Parents |
| 255.107 | Pupil Transportation |
| 255.201 | General Equalization Aids |

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

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 <i>Wisconsin Public School District Audit Manual</i> : | |
| 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 | Daniel R. Carlson, CPA |
| 5. Date of Report | December 13, 2021 |

UNITY SCHOOL DISTRICT
BALSAM LAKE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

SECTION II: Financial Statement Findings

FINDING: 2021-001 Limited Segregation of Duties

Type of Finding: Material Weakness in Internal Control over Financial Reporting

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

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.

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.

Cause: The condition is due to limited staff available.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2020-001.

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

Views of Responsible Officials and Planned Corrective Actions: The District will continue to work to achieve segregation of duties whenever cost effective. The District's Administrator is the official responsible for ensuring corrective action of the deficiency.

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

SECTION II: Financial Statement Findings

FINDING: 2021-002 Material Audit Adjustments

- Type of Finding:** Material Weakness in Internal Control over Financial Reporting
- Criteria:** The District should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.
- Condition:** The audit firm proposed and the District posted to its general ledger accounts journal entries for correcting certain misstatements.
- Context:** The District has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.
- Cause:** The District has not established controls to ensure that all accounts are adjusted to their appropriate year-end balances in accordance with GAAP.
- Effect:** The financial statements of the District may include inaccurate information not detected or prevented by District staff.
- Repeat Finding:** The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2020-002.
- Recommendation:** The District should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Actions: The District will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review, approve, and accept all audit entries prior to posting to the District's finance system. The District's Administrator is the official responsible for ensuring corrective action of the deficiency.

PART III: FINDINGS RELATED TO MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS:

None.

PART IV: FINDINGS RELATED TO STATE GENERAL REQUIREMENTS:

None.