VERONA AREA SCHOOL DISTRICT
Verona, Wisconsin

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021



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VERONA, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

Board of Education
Verona Area School District
Verona, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 District'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.

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Opinions

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

Emphasis of Matter

As described in Note 19, during 2021, the District adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities. As a result, the District identified activities previously reported as fiduciary that no longer meet the definition of a fiduciary activity. In prior years, these amounts were reported in the student activity and scholarship funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as presented 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 opinion on the basic financial statements is not affected by this information.

Other Information

Our audit for the year ended June 30, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary financial information, as presented in the table of contents for the year ended June 30, 2021, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2021 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 other supplementary financial information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Middleton, Wisconsin
December 10, 2021

BASIC FINANCIAL STATEMENTS

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 13,066,085	$ 1,000	$ 13,067,085
Accounts Receivable	48,015	7,865	55,880
Taxes Receivable	22,346,583	-	22,346,583
Internal Balances	13,603	(13,603)	-
Due from Employee Benefit Trust Fund	696,227	7,265	703,492
Due from Other Governments	1,682,244	291,760	1,974,004
Prepaids, Inventories and Other Current Assets	339,672	24,339	364,011
Total Current Assets	38,192,429	318,626	38,511,055
Noncurrent Assets:			
Restricted - Net Other Postemployment Benefits (OPEB) Asset	7,184,409	120,058	7,304,467
Restricted - Net Pension Asset - WRS	15,261,811	255,038	15,516,849
Capital Assets:			
Land	13,941,655	-	13,941,655
Construction in Progress	8,420,993	-	8,420,993
Land Improvements	6,909,924	-	6,909,924
Buildings and Building Improvements	239,945,768	-	239,945,768
Furniture and Equipment	16,835,042	805,647	17,640,689
	286,053,382	805,647	286,859,029
Less: Accumulated Depreciation	(54,799,131)	(386,209)	(55,185,340)
Total Capital Assets	231,254,251	419,438	231,673,689
Total Noncurrent Assets	253,700,471	794,534	254,495,005
Total Assets	291,892,900	1,113,160	293,006,060
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges - WRS	24,201,944	404,435	24,606,379
Deferred Pension Charges - Supplemental Pension	1,046,464	-	1,046,464
Deferred OPEB Charges - LRLIF	973,503	16,268	989,771
Deferred OPEB Charges - Retiree Health	322,343	5,387	327,730
Loss on Refunding	927,056	-	927,056
Total Deferred Outflows of Resources	27,471,310	426,090	27,897,400
Total Assets and Deferred Outflows of Resources	319,364,210	1,539,250	320,903,460

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Short-Term Note Payable	$ 8,000,000	$ -	$ 8,000,000
Accounts Payable	30,946	-	30,946
Accrued Liabilities	6,085,580	-	6,085,580
Accrued Interest	1,714,706	-	1,714,706
Unearned Revenues	-	155,337	155,337
Current Portion of Long-Term Liabilities	8,909,441	-	8,909,441
Total Current Liabilities	24,740,673	155,337	24,896,010
Noncurrent Liabilities:			
Net LRLIF Liability	2,310,306	38,607	2,348,913
Net Supplemental Pension Liability	2,868,185	-	2,868,185
Long-Term Liabilities, Less Current Portion	157,008,689	-	157,008,689
Total Noncurrent Liabilities	162,187,180	38,607	162,225,787
Total Liabilities	186,927,853	193,944	187,121,797
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits - Supplemental Pension	817,771	-	817,771
Deferred Pension Credits - WRS	33,433,583	558,703	33,992,286
Deferred OPEB Credits - LRLIF	396,200	6,621	402,821
Deferred OPEB Credits - Retiree Health	5,050,767	84,403	5,135,170
Total Deferred Inflows of Resources	39,698,321	649,727	40,348,048
Total Liabilities and Deferred Inflows of Resources	226,626,174	843,671	227,469,845
NET POSITION			
Net Investment in Capital Assets	78,552,464	419,438	78,971,902
Restricted for:			
Net Pension Asset	15,261,811	255,038	15,516,849
Debt Service	2,444,886	-	2,444,886
Scholarships	82,628	-	82,628
Student Organizations	212,552	-	212,552
Special Projects	859,159	-	859,159
Capital Expansion	684,732	-	684,732
Net OPEB Asset	7,184,409	120,058	7,304,467
Unrestricted Deficit	(12,544,605)	(98,955)	(12,643,560)
Total Net Position	$ 92,738,036	$ 695,579	$ 93,433,615

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Total
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular Instruction	$ 30,853,303	$ 1,242,382	$ 2,821,689	$ (26,789,232)	$ -	$ (26,789,232)
Vocational Instruction	1,512,094	405	-	(1,511,689)	-	(1,511,689)
Co-Curricular Activities	786,966	232,182	-	(554,784)	-	(554,784)
Special Instruction	10,285,191	-	4,005,753	(6,279,438)	-	(6,279,438)
Physical Curriculum	1,537,028	-	-	(1,537,028)	-	(1,537,028)
Total Instruction	44,974,582	1,474,969	6,827,442	(36,672,171)	-	(36,672,171)
Support Services:						
Pupil Services	3,864,851	-	-	(3,864,851)	-	(3,864,851)
Instructional Staff Services	4,486,649	-	-	(4,486,649)	-	(4,486,649)
General Administration	2,516,576	-	1,700,000	(816,576)	-	(816,576)
School Administration	3,907,182	-	-	(3,907,182)	-	(3,907,182)
Business Services	2,323,285	-	-	(2,323,285)	-	(2,323,285)
Operation and Maintenance of Plant	8,176,765	-	-	(8,176,765)	-	(8,176,765)
Pupil Transportation Services	2,997,601	-	139,757	(2,857,844)	-	(2,857,844)
Central Services	636,661	-	-	(636,661)	-	(636,661)
Insurance	582,961	-	-	(582,961)	-	(582,961)
Community Services	328,036	90,555	-	(237,481)	-	(237,481)
Other Support Services	507,294	-	-	(507,294)	-	(507,294)
Interest and Other Debt Service Costs	6,278,541	-	-	(6,278,541)	-	(6,278,541)
Depreciation and Amortization - Unallocated	36,279	-	-	(36,279)	-	(36,279)
Total Support Services	36,642,681	90,555	1,839,757	(34,712,369)	-	(34,712,369)
Nonprogram	2,266,998	-	-	(2,266,998)	-	(2,266,998)
Total Governmental Activities	83,884,261	1,565,524	8,667,199	(73,651,538)	-	(73,651,538)
BUSINESS-TYPE ACTIVITIES						
School Food Service Program	1,923,483	22,428	1,679,770	-	(221,285)	(221,285)
Total School District	$ 85,807,744	$ 1,587,952	$ 10,346,969	(73,651,538)	(221,285)	(73,872,823)
GENERAL REVENUES						
Property Taxes:						
General Purposes				46,974,296	-	46,974,296
Debt Services				17,335,525	-	17,335,525
Community Services				956,638	-	956,638
Capital Projects				1,000	-	1,000
State and Federal Aid Not Restricted to Specific Purposes:						
General				23,477,353	-	23,477,353
Interest and Investment Earnings				15,429	-	15,429
Miscellaneous				1,117,488	7,023	1,124,511
Transfers				(641,672)	641,672	-
Total General Revenues				89,236,057	648,695	89,884,752
CHANGE IN NET POSITION				15,584,519	427,410	16,011,929
Net Position - July 1, as Restated				77,153,517	268,169	77,421,686
NET POSITION - END OF YEAR				$ 92,738,036	$ 695,579	$ 93,433,615

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	$ 10,450,115	$ 959,374	$ -	$ 1,656,596	$ 13,066,085
Accounts Receivable	48,015	-	-	-	48,015
Taxes Receivable	11,367,577	10,979,006	-	-	22,346,583
Due from Other Funds	8,051,199	2,259	-	992,481	9,045,939
Due from Employee Benefit Trust Fund	695,274	-	-	953	696,227
Due from Other Governments	1,682,244	-	-	-	1,682,244
Prepaids, Inventories and Other Current Assets	339,672	-	-	-	339,672
Total Assets	$ 32,634,096	$ 11,940,639	$ -	$ 2,650,030	$ 47,224,765
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Short-Term Notes Payable	$ 8,000,000	$ -	$ -	$ -	$ 8,000,000
Accounts Payable	21,790	-	-	9,156	30,946
Accrued Salaries and Related Items	5,589,177	-	-	8,303	5,597,480
Due to Other Funds	990,191	8,017,047	-	25,098	9,032,336
Accrued Interest	236,000	-	-	-	236,000
Other Current Liabilities	488,100	-	-	-	488,100
Total Liabilities	15,325,258	8,017,047	-	42,557	23,384,862
FUND BALANCES					
Nonspendable	339,672	-	-	-	339,672
Restricted for:					
Debt Service Retirement	-	3,923,592	-	-	3,923,592
Scholarships	-	-	-	82,628	82,628
Student Organizations	-	-	-	212,552	212,552
Capital Expansion	-	-	-	684,732	684,732
Special Projects	-	-	-	859,159	859,159
Committed for:					
Self Insurance	41,401	-	-	-	41,401
Assigned	16,927,765	-	-	768,402	17,696,167
Total Fund Balances	17,308,838	3,923,592	-	2,607,473	23,839,903
Total Liabilities and Fund Balances	$ 32,634,096	$ 11,940,639	$ -	$ 2,650,030	$ 47,224,765

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL FUNDS
JUNE 30, 2021

Total Fund Balances - Governmental Funds		$ 23,839,903
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:		
Governmental Capital Assets	286,053,382	
Governmental Accumulated Depreciation	(54,799,131)	231,254,251
The District's net other postemployment benefits (OPEB) asset and deferred outflows and inflows of resources are not reported in the governmental funds but are in the statement of net position.		2,455,985
The District's net local retiree life insurance fund (LRLIF) liability and deferred outflows and inflows of resources are not reported in the governmental funds but are in the statement of net position.		(1,733,003)
The District's net supplemental pension liability and related deferred inflows and outflows of resources are recorded only on the statement of net position.		(2,639,492)
The District's proportionate share of the net pension asset and deferred outflows and inflows of resources related to their participation in WRS are not recorded in the governmental funds but are recorded in the statement of net position.		6,030,172
Some liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of the following:		
Bonds Payable	(155,200,000)	
State Trust Fund Loans	(398,998)	
Notes Payable	(2,170,000)	
Premium on Bonds and Notes Payable	(5,190,923)	
Discount on Bonds and Notes Payable	58,134	
Loss on Refunding	927,056	
Accrued Interest on Bonds and Notes Payable	(1,478,706)	
Compensated Absences	(3,016,343)	(166,469,780)
Net Position of Governmental Activities		$ 92,738,036

See accompanying Notes to Financial Statements.

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local Sources:					
Property Taxes	$ 46,974,296	$ 17,335,525	$ -	$ 957,638	$ 65,267,459
Other Local Sources	143,177	-	1,700,000	838,399	2,681,576
Interdistrict Sources	1,213,221	-	-	-	1,213,221
State Sources	27,762,217	-	-	-	27,762,217
Federal Sources	2,092,489	-	-	-	2,092,489
Other Sources	1,078,282	923	13,526	759	1,093,490
Total Revenues	79,263,682	17,336,448	1,713,526	1,796,796	100,110,452
EXPENDITURES					
Instruction:					
Regular Instruction	27,423,451	-	-	127,727	27,551,178
Vocational Instruction	1,635,699	-	-	5,576	1,641,275
Co-Curricular Activities	440,494	-	-	371,516	812,010
Special Instruction	11,160,509	-	-	-	11,160,509
Physical Curriculum	1,668,557	-	-	1,400	1,669,957
Support Services:					
Pupil Services	4,208,677	-	-	-	4,208,677
Instructional Staff Services	4,822,953	-	-	-	4,822,953
General Administration	2,430,208	-	-	16,359	2,446,567
School Administration	4,068,353	-	-	185,101	4,253,454
Business Services	2,384,495	-	-	18,888	2,403,383
Operation and Maintenance of Plant	7,654,221	-	11,099,853	54,454	18,808,528
Pupil Transportation Services	2,824,883	-	-	3,791	2,828,674
Central Services	660,774	-	-	-	660,774
Insurance	582,961	-	-	-	582,961
Community Services	-	-	-	341,981	341,981
Other Support Services	505,899	-	-	1,425	507,324
Nonprogram	2,263,485	-	-	3,513	2,266,998
Debt Service:					
Principal	-	15,028,000	-	-	15,028,000
Interest	339,060	6,599,696	-	-	6,938,756
Total Expenditures	75,074,679	21,627,696	11,099,853	1,131,731	108,933,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,189,003	(4,291,248)	(9,386,327)	665,065	(8,823,507)
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Refunding Debt	-	16,145,000	-	-	16,145,000
Discount from Issuance of Refunding Debt	-	(58,134)	-	-	(58,134)
Payment to Refunding Escrow	-	(15,873,253)	-	-	(15,873,253)
Transfers In	-	2,774,913	-	-	2,774,913
Transfers Out	(3,064,648)	-	-	-	(3,064,648)
Net Other Financing Sources (Uses)	(3,064,648)	2,988,526	-	-	(76,122)
NET CHANGE IN FUND BALANCES	1,124,355	(1,302,722)	(9,386,327)	665,065	(8,899,629)
Fund Balances - July 1, as Restated	16,184,483	5,226,314	9,386,327	1,942,408	32,739,532
FUND BALANCES - END OF YEAR	$ 17,308,838	$ 3,923,592	$ -	$ 2,607,473	$ 23,839,903

See accompanying Notes to Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds		$ (8,899,629)
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	10,233,168	
Depreciation Expense Reported in the Statement of Activities	(5,668,669)	
Amount by which Capital Outlays are Greater than Depreciation in the Current Year		4,564,499
Fixed Asset Disposals in Current Year	(118,475)	
Accumulated Depreciation on Fixed Asset Disposals	26,650	
Loss on Disposal of Fixed Assets		(91,825)
(Premiums) Discounts received on bond and promissory note issuance is reported as (revenue) expense in the governmental funds, but is capitalized and amortized over the life of the bonds/notes in the statement of net position and the statement of activities.		
Discount on Issuance of Long-Term Refunding Debt	58,134	
Premium (Discount) Amount Amortized in the Current Year	842,070	
Deferred Amount on Refunding Amortized in the Current Year	(129,360)	
Deferred Amount of Refunding Recognized in the Current Year	1,056,416	
		1,827,260
Compensated absences are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Compensated Absences Paid in Current Year	181,700	
Compensated Absences Earned in Current Year	(425,882)	
Amounts Paid are Less than Amounts Earned by:		(244,182)
Changes in the District's proportionate share of the net pension asset and deferred outflows and inflows of resources related to WRS for the current year are not reported in the governmental funds but are reported in the statement of activities.		4,519,270
Changes in the District's net pension liability and deferred outflows and inflows of resources related to supplemental pension benefits for the current year are not reported in the governmental funds but are reported in the statement of activities.		(499,830)
Changes in the District's net other postemployment benefit asset and deferred outflows and inflows of resources for the current year are not reported in the governmental funds but are reported in the statement of activities.		1,021,098

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2021

Changes in the District's net local retiree life insurance fund liability and deferred outflows and inflows of resources for the current year are not reported in the governmental funds but are reported in the statement of activities.		$ (259,484)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
Amount of Long-Term Debt Principal Payments in the Current Year		15,028,000
Amount of Long-Term Debt Refunded in the Current Year		14,570,000
Principal proceeds from long-term debt issuance is reported in the governmental funds as revenue, but is reported as an increase in long-term debt in the statement of net position and does not affect the statement of activities.		
Amount of Proceeds from Long-Term Debt in the Current Year		(16,145,000)
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
Amount of Interest Paid during the Current Year	6,938,756	
Amount of Interest Accrued during the Current Year	(6,744,414)	
Interest Paid is Less than Interest Accrued by:		194,342
Change in Net Position of Governmental Activities		$ 15,584,519

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2021

	Food Service Fund
ASSETS	
Current Assets:	
Cash	$ 1,000
Accounts Receivable	7,865
Prepaid Expenses	24,339
Due from Other Funds	20,550
Due from Employee Benefit Trust Fund	7,265
Due from Other Governments	291,760
Total Current Assets	352,779
Noncurrent Assets:	
Restricted - Net Other Postemployment Benefits (OPEB) Asset	120,058
Restricted - Net WRS Pension Asset	255,038
Furniture and Equipment	805,647
Less: Accumulated Depreciation	(386,209)
Total Noncurrent Assets	794,534
Total Assets	1,147,313
DEFERRED OUTFLOWS OF RESOURCES	
Deferred OPEB Charges - Retiree Health	5,387
Deferred OPEB Charges - LRLIF	16,268
Deferred Pension Charges - WRS	404,435
Total Deferred Outflows of Resources	426,090
Total Assets and Deferred Outflows of Resources	1,573,403
LIABILITIES	
Current Liabilities:	
Due to Other Funds	34,153
Unearned Revenues	155,337
Total Current Liabilities	189,490
Noncurrent Liabilities:	
Net LRLIF Liability	38,607
Total Liabilities	228,097
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits - WRS	558,703
Deferred OPEB Credits - LRLIF	6,621
Deferred OPEB Credits - Retiree Health	84,403
Total Deferred Inflows of Resources	649,727
Total Liabilities and Deferred Inflows of Resources	877,824
NET POSITION	
Net Investment in Capital Assets	419,438
Restricted for:	
Net OPEB Asset	120,058
Net Pension Asset	255,038
Unrestricted Deficit	(98,955)
Total Net Position	$ 695,579

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Food Service Fund
REVENUES	
Food Sales	$ 22,428
State Sources	54,258
Federal Sources	1,371,239
Federal Commodities	254,273
Other Revenues	7,023
Total Revenues	1,709,221
OPERATING EXPENSES	
Salaries and Wages	807,421
Employer Paid Benefits	175,054
Purchased Services	10,677
Supplies, Food, and Materials	912,290
Other	4,624
Depreciation	13,417
Total Operating Expenses	1,923,483
Operating Income (Loss)	(214,262)
Capital Contributions	351,937
Transfers In	289,735
CHANGE IN NET POSITION	427,410
Net Position - Beginning of Year	268,169
NET POSITION - END OF YEAR	$ 695,579

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	$ 35,468
Cash Received from Other Government Payments	1,432,095
Cash Payments to Employees for Services	(1,038,903)
Cash Payments to Suppliers for Goods and Services	(718,395)
Net Cash Provided by Operating Activities	(289,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	289,735
Net Cash Provided by Noncapital Financing Activities	289,735
NET CHANGE IN CASH	-
Cash - Beginning of Year	1,000
CASH - END OF YEAR	$ 1,000
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ (214,262)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:	
Depreciation	13,417
Changes in Assets and Liabilities:	
Accounts Receivable	4,609
Prepaid Expenses	(8,945)
Due from Other Governments	(247,675)
Due from\to Other Funds	252,294
Due from Employee Benefit Trust Fund	(1,691)
Net WRS Pension Asset and Related Deferred Outflows/Inflows	(76,178)
Net LRLIF Liability and Related Deferred Outflows/Inflows	(2,427)
Net OPEB Asset and Related Deferred Outflows/Inflows	(10,285)
Unearned Revenue	1,408
Net Cash Provided by Operating Activities	$ (289,735)

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2021

	Employee Benefit Trust Fund	
	OPEB Benefits	Stipend Benefits
ASSETS		
Cash and Investments	$ 19,451,670	$ 8,278,565
Total Assets	19,451,670	8,278,565
LIABILITIES		
Due to Primary Government	703,492	-
Total Liabilities	703,492	-
NET POSITION		
Restricted for:		
OPEB Benefits	18,748,178	-
Stipend Benefits	-	8,278,565
Total Net Position	$ 18,748,178	$ 8,278,565

See accompanying Notes to Financial Statements.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	Employee Benefit Trust Fund	
	OPEB Benefits	Stipend Benefits
ADDITIONS		
Investment Earnings	$ 358,122	$ 201,591
Total Additions	358,122	201,591
DEDUCTIONS		
Benefit Payments	1,635,187	1,519,406
Administrative Expenses	30,966	17,419
Total Deductions	1,666,153	1,536,825
CHANGE IN NET POSITION	(1,308,031)	(1,335,234)
Net Position - Beginning of Year	20,056,209	9,613,799
NET POSITION - END OF YEAR	$ 18,748,178	$ 8,278,565

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Verona Area School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Reporting Entity

The District is organized as a common school district under the Wisconsin State Statutes. The District, governed by a seven-member elected school board, operates grades K through 12 and is comprised of all or parts of seven 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.

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 and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Government-Wide Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental and business-type 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.

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, 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 accounted for in another fund. This fund includes activities associated with providing educational programs for students with disabilities.

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. For report purposes, the District has combined its debt services funds into one fund.

Capital Projects Funds – The Capital Projects Fund is used to account for expenditures financed through the use of bonds, promissory notes, state trust fund loans, etc.

The District has the following nonmajor governmental funds:

Special Revenue Fund

Capital Expansion Fund

Community Services Fund

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The District operates one proprietary fund:

Food Service Fund – This fund accounts for the activities of the District's food service program.

Additionally, the District reports the following fiduciary fund:

Private Purpose Trust Funds – The District accounts for assets that are accumulated to finance retiree health insurance benefits and stipend benefits in an employee benefit trust fund.

The District accounts for transactions related to scholarships for graduating seniors in a private purpose trust fund.

Measurement Focus and Basis of Accounting

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

The District's cash and investments consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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 investment pool fund.

Investments, other than the investments in the local government investment pool, are stated at fair value. Determination of net asset value for investment in the local government investment pool is based on information provided by the State of Wisconsin Investment Board.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

Accounts Receivable. 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 fund balance account 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

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year’s cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or net realizable value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets

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

Assets not being depreciated include land. 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Building Improvements	$ 5,000	Straight-line	20-50 Years
Land Improvements	5,000	Straight-line	20 Years
Food Service Equipment	5,000	Straight-line	5-20 Years
Other Furniture, Fixtures, and Equipment	5,000	Straight-line	5 Years
Library Books and Video Collections	5,000	Straight-line	5 Years

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 statement of net position, governmental fund balance sheet, or proprietary fund statement of net position. Deferred outflows of resources are reported in these financial statements related to pensions, other postemployment benefits, and loss on refunding.

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 statement of net position, governmental fund balance sheet, or proprietary fund statement of net position. The District reports deferred inflows of resources related to pensions and other postemployment benefits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Compensated Absences

Vacation. Support personnel are provided paid vacation days based on years of service, accumulating up to 40 days. Administrative staff are provided paid vacation days based on years of service, accumulating up to 60 days.

General Leave. General leave includes sick leave and other compensated absences. Employees earn varying amounts of general leave for each year employed, accumulating to a maximum vested amount of 141 days. Teaching staff and support staff become fully vested in accumulated unpaid general leave after attaining five years of service.

Administrative staff is immediately fully vested. Upon retirement or termination of employment, the employee is entitled to be paid accumulated vested general leave in cash.

8. Other Postemployment Benefits (OPEB) – Retiree Health and Local Retiree Life Insurance Fund (LRLIF) benefits

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the Net OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to Other Postemployment Benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIFs fiduciary net position have been determined on the same basis as they are reported by the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net other postemployment benefits liability (asset) for retiree medical benefits, deferred OPEB charges, deferred OPEB credits, and the related OPEB expense, information about the employee trust fund net position and additions to/deductions from the employee trust fund net position have been determined on the same basis as reported by the employee benefit trust fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Pension Benefits – including Wisconsin Retirement System and Supplemental Pension

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

For purposes of measuring the net supplemental pension liability (asset), deferred pension charges - supplemental pension, deferred pension credits - supplemental pension, and the related pension expense, information about the employee trust fund net position and additions to/deductions from the employee trust fund net position have been determined on the same basis as reported by the employee benefit trust fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. In the government-wide financial statement, premiums are capitalized on the statement of net position and amortized over the life of the related debt.

Premiums associated with the issuance of general obligation bonds and promissory notes are being amortized using the effective interest method over the life of the bonds and notes.

11. Use of Restricted Resources

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Equity Classifications

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

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement 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 an assigned portion of fund balance of at least 10% but not greater than 15% of the anticipated general fund expenditure budget for the subsequent year. In addition, the District shall strive to maintain a minimum fund balance in their self-funded dental insurance plan of 10% of premium costs.

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 Superintendent 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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Equity Classifications (continued)

Fund Financial Statements (continued). The District's policy on fund balance is to maintain a level of fund balance which strives to avoid cash flow borrowing, help maintain the District's current high-quality bond ratings, to provide a resource for emergency expenditures, to build a reasonable reserve, and to ensure continuity of the District's self-funded dental insurance plan. See Note 11 for additional information regarding the District's fund balances.

NOTE 2 DEPOSITS AND INVESTMENTS

The debt service fund and capital projects fund account for their transactions through separate and distinct investment accounts as recommended by the Department of Public Instruction. In addition, the fiduciary fund trust funds use separate and distinct accounts. All other funds share in common bank and investments accounts.

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

	Book Balance	Bank Balance	Risks*
Petty Cash	$ 1,000	$ -	
Demand Deposits	1,137,348	1,902,827	CCR
Savings Deposits	474,727	474,727	CCR
Certificates of Deposits - Direct Placement	92,456	92,456	CCR
LGIP	8,192,712	8,192,712	CCR, CR, IRR
WISC - Investment Class Fund	3,904,796	3,905,252	CCR, CR, IRR
U.S. Agencies	6,171,588	6,171,588	CCR, CR, IRR
Municipal Securities	6,210,936	6,210,936	CCR, CR, IRR
Corporate Bonds	13,468,434	13,468,434	CCR, CR, IRR
Fixed Income Contract	1,143,323	1,143,323	CCR, CR, IRR
Total	$ 40,797,320	$ 41,562,255	

*Custodial Credit Risk (CCR), Credit Risk (CR), Interest Rate Risk (IRR)

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

Governmental Funds	$ 13,066,085
Business-type Activities	1,000
Employee Benefit Trust Funds:	
OPEB Benefits	19,451,670
Stipend Benefits	8,278,565
Total	$ 40,797,320

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for demand deposit accounts and $250,000 for time deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of $400,000 in each financial institution and the Local Government Investment Pool above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at June 30, 2021, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

As of June 30, 2021, $1,745,283 of the District's bank balance of $2,470,010 was uninsured or uncollateralized.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments were uninsured and exposed to custodial credit risk as of June 30, 2021.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of June 30, 2021, the District's investments had credit ratings as follows:

	Credit Rating					
Investments	AAA/Aaa	AA+\Aa1	AA\Aa2	AA-\Aa3	A+\A1	A\A2
LGIP	$ -	$ -	$ -	$ -	$ -	$ -
WISC-Investment Class Fund	-	-	-	-	-	-
U.S. Agencies	1,336,999	-	-	-	-	-
Municipal Securities	496,403	1,127,738	1,274,461	807,666	762,559	793,613
Corporate Bonds	966,105	594,170	907,296	490,160	1,160,005	1,469,330
Fixed Income Contract	-	-	-	-	-	-
Total	$ 2,799,507	$ 1,721,908	$ 2,181,757	$ 1,297,826	$ 1,922,564	$ 2,262,943

	Credit Rating				
Investments	A-\A3	BBB+\Baa1	BBB/Baa2	Not Defined	Total
LGIP	$ -	$ -	$ -	$ 8,192,712	$ 8,192,712
WISC-Investment Class Fund	-	-	-	3,904,796	3,904,796
U.S. Agencies	-	-	-	4,834,589	6,171,588
Municipal Securities	-	-	-	948,496	6,210,936
Corporate Bonds	2,815,927	3,100,834	1,964,607	-	13,468,434
Fixed Income Contract	-	-	-	1,143,323	1,143,323
Total	$ 2,815,927	$ 3,100,834	$ 1,964,607	$ 19,023,916	$ 39,091,789

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2021, the Wisconsin local government investment pool had a weighted average maturity of 31 days. The District's investments mature as follows:

	Years to Maturity			
Investments	< 1	1-5	6-10	11-20
LGIP	$ 8,192,712	$ -	$ -	$ -
WISC-Investment Class Fund	3,904,796	-	-	-
U.S. Agencies	-	969,183	1,633,434	3,568,971
Municipal Securities	-	1,052,855	2,151,620	2,601,372
Corporate Bonds	-	892,341	2,310,098	4,138,314
Fixed Income Contract	-	-	-	-
Total	$ 12,097,508	$ 2,914,379	$ 6,095,152	$ 10,308,657

	Years to Maturity			
Investments	21-30	31-40	Not Defined	Total
LGIP	$ -	$ -	$ -	$ 8,192,712
WISC-Investment Class Fund	-	-	-	3,904,796
U.S. Agencies	-	-	-	6,171,588
Municipal Securities	405,089	-	-	6,210,936
Corporate Bonds	5,350,383	777,298	-	13,468,434
Fixed Income Contract	-	-	1,143,323	1,143,323
Total	$ 5,755,472	$ 777,298	$ 1,143,323	$ 39,091,789

Concentration of Credit Risk

As of June 30, 2021, the District has a concentration of greater than 5% of investment in the following:

Description	Amount	Weight
Fannie Mae Agency Securities	$4,410,382	11.15%

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

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

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

Financial assets and liabilities recorded on the statement of net position is 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.

As of June 30, 2021, the District has the following assets subject to fair value measurement:

Description	Level 1	Level 2	Level 3	Total
U.S. Agencies	$ -	$ 6,171,588	$ -	$ 6,171,588
Municipal Securities	-	6,210,936	-	6,210,936
Corporate Bonds	-	13,468,434	-	13,468,434
WISC - Investment Class Fund	-	3,904,796	-	3,904,796
Fixed Income Contract	-	1,143,323	-	1,143,323
Total	$ -	$ 30,899,077	$ -	$ 30,899,077

NOTE 3 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	$ 13,941,655	$ -	$ -	$ 13,941,655
Construction Work in Progress	8,128,042	18,713,147	(18,420,196)	8,420,993
Total Capital Assets, Not Being Depreciated	22,069,697	18,713,147	(18,420,196)	22,362,648
Capital Assets, Being Depreciated:				
Land Improvements	6,884,058	25,866	-	6,909,924
Buildings and Building Improvements	232,785,169	7,160,599	-	239,945,768
Furniture and Equipment	14,199,765	2,753,752	(118,475)	16,835,042
Total Capital Assets, Being Depreciated	253,868,992	9,940,217	(118,475)	263,690,734
Less Accumulated Depreciation for:				
Land Improvements	(3,596,215)	(152,149)	-	(3,748,364)
Buildings and Building Improvements	(38,157,559)	(4,704,183)	-	(42,861,742)
Furniture and Equipment	(7,403,338)	(812,337)	26,650	(8,189,025)
Total Accumulated Depreciation	(49,157,112)	(5,668,669)	26,650	(54,799,131)
Total Capital Assets, Being Depreciated, Net	204,711,880	4,271,548	(91,825)	208,891,603
Governmental Activities Capital Assets, Net	$ 226,781,577	$ 22,984,695	$ (18,512,021)	$ 231,254,251
Business-Type Activities				
Capital Assets, Being Depreciated:				
Furniture and Equipment	$ 453,710	$ 351,937	$ -	$ 805,647
Less Accumulated Depreciation	(372,792)	(13,417)	-	(386,209)
Business-Type Activities Capital Assets, Net	$ 80,918	$ 338,520	$ -	$ 419,438

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation was charged to governmental functions as follows:

Instruction:		
Regular Instruction	$	5,101,802
Support Services:		
General Administrative Services		210,874
Operation and Maintenance of Plant		150,787
Pupil Transportation Services		168,927
Unallocated Depreciation		36,279
Total Depreciation for Governmental Activities	$	5,668,669

NOTE 4 INTERFUNDS RECEIVABLES/ PAYABLES AND TRANSFERS

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

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	$ 8,017,047
General Fund	Fiduciary Funds	695,274
General Fund	Food Service Fund	34,152
Non-Referendum Debt Service Fund	General Fund	2,259
Special Revenue Fund	General Fund	771,933
Food Service Fund	General Fund	1,792
Food Service Fund	Special Revenue Fund	18,758
Food Service Fund	Fiduciary Funds	7,265
Community Service Fund	General Fund	214,208
Community Service Fund	Special Revenue Fund	6,340
Community Service Fund	Fiduciary Funds	953
	Total	$ 9,769,981

Transfers

Fund Transferred To	Fund Transferred From	Amount
Debt Service Fund	General Fund	$ 2,774,913
Food Service Fund	General Fund	289,735
	Total	$ 3,064,648

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 4 INTERFUNDS RECEIVABLES/ PAYABLES AND TRANSFERS (CONTINUED)

Transfers (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The District's Governmental Activities transferred capital assets to the Food Service Fund in the amount of $351,937. The Food Service Fund recognized capital contributions on the statement of revenues, expenditures, and changes in net position – proprietary funds. The activity has been eliminated on the government-wide financial statements.

NOTE 5 LINE OF CREDIT

The District issued taxable revolving line of credit with the State Bank of Cross Plains on December 24, 2020, in advance of property tax collections in the amount not to exceed $3,000,000. The line of credit is revolving so principal can be drawn and repaid in any amount, at any time during the term of the loan provided that no draw on the line of credit may occur after June 30, 2021. The line of credit matures on August 31, 2021 and bears interest at a rate of 2.49% payable monthly.

NOTE 6 SHORT-TERM DEBT

Short-term notes payable at June 30, 2021, are as follows:

	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021
U.S. Bank National Association	$ 10,945,000	$ 8,000,000	$ (10,945,000)	$ 8,000,000
Total Short-Term Notes Payable	$ 10,945,000	$ 8,000,000	$ (10,945,000)	$ 8,000,000

The District issued tax and revenue anticipation promissory notes on October 28, 2020, in advance of property tax collections in the amount of $8,000,000 The notes are necessary because expenditure payments for the year begin in July, whereas the tax collections are received from the municipalities beginning in January. The notes bear interest at 3.0% and matured on October 22, 2021.

The District issued tax and revenue anticipation promissory notes on October 29, 2019, in advance of property tax collections in the amount of $10,945,000. The notes are necessary because expenditure payments for the year begin in July, whereas the tax collections are received from the municipalities beginning in January. The notes bear interest at 3.0% and matured on October 23, 2020.

Total interest on short-term debt paid during the year was $339,060.

NOTE 7 LONG-TERM LIABILITIES

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

	Balances June 30, 2020	Additions	Reductions	Balances June 30, 2021	Amounts Due Within One Year
Governmental Activities					
Bonds Payable:					
Capital Projects	$ 137,395,000	$ 16,145,000	$ (7,000,000)	$ 146,540,000	$ 5,870,000
Postemployment Benefits	24,110,000	-	(15,450,000)	8,660,000	1,020,000
Total Bonds Payable	161,505,000	16,145,000	(22,450,000)	155,200,000	6,890,000
State Trust Funds Loans - Direct Placement	6,586,998	-	(6,188,000)	398,998	398,998
Notes Payable:					
Capital Projects	935,000	-	(305,000)	630,000	310,000
Postemployment Benefits	2,195,000	-	(655,000)	1,540,000	570,000
Total Notes Payable	3,130,000	-	(960,000)	2,170,000	880,000
Total Bonds and Notes Payable	171,221,998	16,145,000	(29,598,000)	157,768,998	8,168,998
Other Liabilities:					
Compensated Absences	2,772,161	425,882	(181,700)	3,016,343	182,000
Bond and Note Premiums	6,032,993	-	(842,070)	5,190,923	564,672
Bond and Note Discounts	-	(58,134)	-	(58,134)	(6,229)
Total Other Liabilities	8,805,154	367,748	(1,023,770)	8,149,132	740,443
Total Governmental Activity Long-Term Liabilities	$ 180,027,152	$ 16,512,748	$ (30,621,770)	$ 165,918,130	$ 8,909,441

Advanced Refunding

During 2021, the District issued General Obligation Refunding Bonds, Series 2020, in the amount of $16,145,000. The bonds pay principal annually on March 1st and interest semiannually on March 1st and September 1st at interest rates ranging from 0.30% to 1.65% and will mature on March 1st, 2034. The proceeds of the bonds were used to advanced refund the General Obligation Refunding Bonds, Series 2015. The debt service requirement of the old debt balance totaled $36,369,018. The debt service requirements of the new debt balance total $34,941,567. The economic gain on the refunding of $1,211,225 when the change in debt service payments are discounted using an effective interest rate of 1.92% through March 1, 2034.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Individual general obligation long-term debt issues outstanding at June 30, 2021 and future principal and interest requirements for their retirement at that date were as follows:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Amount Outstanding
G.O. Refunding Bonds, Series 2012	04/10/12	10/01/24	2.00%-2.50%	$ 9,970,000	$ 305,000
G.O. Promissory Notes Payable - Series 2013B	06/20/13	04/01/23	2.00%	2,900,000	630,000
G.O. Promissory Notes Payable - Series 2014	09/08/14	04/01/24	2.00%-3.00%	9,220,000	1,540,000
G.O. Refunding Bonds, Series 2015	04/08/15	09/01/34	2.65%-4.00%	25,335,000	8,660,000
State Trust Fund Loan - 8/31/2017 Direct Placement	08/31/17	03/15/22	3.00%	5,000,000	398,998
G.O. Corporate Purpose Bonds, Series 2017	11/21/17	04/01/37	2.00%-5.00%	85,000,000	60,335,000
G.O. Corporate Purpose Bonds, Series 2018	11/19/18	04/01/38	3.25%-5.00%	80,000,000	69,925,000
G.O. Refunding Bonds, Series 2020	09/08/20	03/01/34	0.30-1.65%	16,145,000	15,975,000
Total General Obligation Debt					$ 157,768,998

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:

Year Ending June 30,	Principal	Interest	Total
2022	$ 8,168,998	$ 5,740,906	$ 13,909,904
2023	7,820,000	5,383,154	13,203,154
2024	7,855,000	5,023,154	12,878,154
2025	8,395,000	4,668,792	13,063,792
2026	8,780,000	4,296,676	13,076,676
2027-2031	48,695,000	16,529,147	65,224,147
2032-2036	52,310,000	8,492,706	60,802,706
2037-2038	15,745,000	827,750	16,572,750
Total	$ 157,768,998	$ 50,962,285	$ 208,731,283

Included in the table above is the remaining debt service requirements for the State Trust Fund Loan issued on August 31, 2017. The loan has a final payment due on March 15, 2022 of $398,998 and $11,970 for principal and interest, respectively.

Total interest on long-term debt paid during the year was $6,388,337.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Legal Debt Limit

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is $5,067,447,361. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of $5,067,447,361)	$ 506,744,736
Deduct Long-Term Debt Applicable to Debt Margin	(157,768,998)
Add Available Resources for Debt Repayments	3,923,592
Margin of Indebtedness	$ 352,899,330

NOTE 8 WISCONSIN RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN

General Information about the Defined Benefit 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 https://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.

NOTE 7 WISCONSIN RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Defined Benefit Plan (Continued)

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 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.

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, executives and elected officials. Starting 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, the WRS recognized $2,790,317 in contributions from the employer.

NOTE 7 WISCONSIN RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Defined Benefit Plan (Continued)

Contribution rates as of June 30, 2021 are:

	Employee	Employer
General (including Teachers, Executives, and Elected Officials)	6.75 %	6.75 %

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

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

NOTE 7 WISCONSIN RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2021, the District reported an asset of $15,516,849 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 liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. 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 0.24854244%, which was a decrease of 0.00104438% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of ($1,689,929).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 22,457,644	$ 4,837,336
Changes of Assumptions	351,952	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	29,131,618
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	1,008	23,332
District Contributions Subsequent to the Measurement Date	1,795,775	-
Total	$ 24,606,379	$ 33,992,286

$1,795,775 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2021. 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 Ending June 30,	of Resources
2022	$ (2,878,317)
2023	(784,491)
2024	(5,281,633)
2025	(2,237,241)
Total	$ (11,181,682)

NOTE 7 WISCONSIN RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

Actuarial Valuation Date	December 31, 2019
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	7.00%
Discount Rate	7.00%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.10% - 5.60%
Mortality	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.90%

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

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

Long-Term Expected Return on Plan Assets

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

NOTE 7 WISCONSIN RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Return on Plan Assets (Continued)

Core Fund Asset Class	Asset Allocation %	Expected Nominal Rate of Return %	Expected Real Rate of Return %
Global Equities	51.00%	7.20%	4.70%
Fixed Income	25.00%	3.20%	0.80%
Inflation Sensitive Assets	16.00%	2.00%	-0.40%
Real Estate	8.00%	5.60%	3.10%
Private Equity/Debt	11.00%	10.20%	7.60%
Multi-Asset	4.00%	5.80%	3.30%
Total Core Fund	115.00%	6.60%	4.10%
Variable Fund Asset Class			
U.S. Equities	70.00%	6.60%	4.10%
International Equities	30.00%	7.40%	4.90%
Total Variable Funds	100.00%	7.10%	4.60%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

Single Discount Rate

A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 WISCONSIN RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's Proportionate Share of Net Pension Liability (Asset)	$ 14,769,890	$ (15,516,849)	$ (37,762,233)

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

Payables to the Pension Plan

The District reported a payable to WRS of $860,558 as of June 30, 2021.

NOTE 9 SUPPLEMENTAL PENSION PLAN

The District provides a single-employer defined benefit supplemental pension benefit to eligible administrators, teachers, and nonunion support staff that is administered as a trust.

Benefits Provided

Under terms of its agreements with the Verona Area Education Association for Teachers, the agreement covering administrators, and the agreement covering nonunion support personnel, the District provides supplemental retirement benefits to these employees who elect early retirement. Nonunion support personnel may choose either the supplemental pension benefit or the other postemployment benefits described in Note 9, but not both. The actuarial valuation assumes that 100% will choose the supplemental pension benefit. Early retirement may be elected by eligible employees who have attained certain age and teaching experience levels and, in certain instances, with the approval of the District. For teachers, the benefit is equal to 20% of the employee's final salary rate for five years. For administrators, the benefit is equal to 25% of the employee's final salary rate for seven years, to be paid out over five years, or until the employee qualifies for Medicare benefits, whichever comes first. For nonunion support staff, the benefit is equal to 20% of the employee's final salary rate for seven years or until the employee qualifies for Medicare benefits, whichever comes first.

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

Contributions and Other Plan Information

The funding policy of the plan states that the employer will fund 100% of the contributions to the plan as determined by the actuarial valuation, including costs to administer the plan. There are no legal or contractual maximum contribution rates. During the reporting period, the plan recognized no contributions from the employer. The District has pre-funded the plan. At June 30, 2021 and 2020, the plan has no legally-required reserves or designations, other than the net position of $8,278,565 and $9,613,799, respectively.

As of July 1, 2021, (the date used for participant data in the most recent actuarial valuation), the District had 85 retirees receiving benefits under the plan. There were no terminated members entitled to, but not yet receiving benefits. The District had 176 employees in active service eligible for benefits under the plan. The District's school board maintains the right to amend the provisions of the plan, including employer and employee obligations to contribute to the plan. The plan does not issue separate financial statements.

Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a net supplemental pension liability of $2,868,185. The net supplemental pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. For the year ended June 30, 2021, the District recognized pension expense of $499,831.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 999,920	$ -
Changes of Assumptions	46,544	224,294
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	593,477
Total	$ 1,046,464	$ 817,771

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

Such amounts will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Inflows and Outflows of Resources
2022	$ (36,154)
2023	(118,035)
2024	26,000
2025	170,730
2026	186,094
Thereafter	58

Actuarial Assumptions

The total supplemental pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	July 1, 2021
Measurement Date of Net Pension Liability (Asset)	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Long-Term Expected Rate of Return	4.00%
Discount Rate	4.00%
Salary Increases	3.00%
Inflation	2.00%
Mortality	WRS 2015-17 Experienced Mortality Rates - Healthy Lives Table
Termination	WRS 2015-17 Public School Withdrawal Experience Table

Service retirement assumptions are based upon WRS 2015-2017 Experience Retirement Rates.

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

Changes in Net Supplemental Pension Liability

	Total Pension Liability (a)	Change in Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/20	$ 10,783,909	$ 9,613,799	$ 1,170,110
Changes for the year:			
Service Cost	350,929	-	350,929
Interest on Total OPEB Liability	415,005	-	415,005
Experience Loss (Gain)	1,116,313		1,116,313
Benefit Payments	(1,519,406)	(1,519,406)	-
Net Investment Income	-	201,591	(201,591)
Administrative Expenses	-	(17,419)	17,419
Balances at 6/30/21	$ 11,146,750	$ 8,278,565	$ 2,868,185

Single Discount Rate

A single discount rate of 4.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 4.00%. This expected rate of return was based on a high quality municipal bond rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Net Supplemental Pension Liability to Changes in the Discount Rate

The following presents the District's net supplemental pension liability calculated using the discount rate of 4.00%, as well as what the district's net supplemental pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	1% Increase to Discount Rate (5.00%)
District's Proportionate Share of Net Pension Liability (Asset)	$ 3,185,246	$ 2,868,185	$ 2,046,171

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS – RETIREE MEDICAL PLAN

The District maintains a single-employer defined benefit OPEB plan that is administered as a trust. The District accounts for OPEB under GASB #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Benefits Provided

Under terms of its agreements with the Verona Area Education Association for Teachers, the Verona Area Educational Support Personnel Association, Nonunion Support Personnel, and the agreement covering administrators, the District provides other postemployment benefits (including medical insurance, dental insurance, and or long-term care coverage) to these employees who elect early retirement. Early retirement may be elected by eligible employees who have attained certain age and teaching experience levels and, in certain instances, with the approval of the District. The amount of the benefit is broken down into tiers, with tier eligibility being determined by years of service with the district, age, hire date, and retirement date.

Contributions and Other Plan Information

The funding policy of the plan states that the employer will fund 100% of the contributions to the plan as determined by the actuarial valuation, including costs to administer the plan. There are no legal or contractual maximum contribution rates. During the reporting period, the plan recognized no contributions from the employer. The District has pre-funded the plan. At June 30, 2021 and 2020, the plan has no legally-required reserves or designations, other than the net position of $18,748,178 and $20,056,209, respectively.

As of July 1, 2021, (the date of the most recent actuarial valuation), the District had 33 retirees receiving benefits under the plan. There were no terminated members entitled to, but not yet receiving benefits. The District had 725 employees in active service eligible for benefits under the plan. The District's school board maintains the right to amend the provisions of the plan, including employer and employee obligations to contribute to the plan. The plan does not issue separate financial statements.

Investments

The District maintains a policy over the Employee Benefit Trust Fund with the primary objectives as follows:

- Return – Obtain a reasonable long-term return consistent with the level of risk assumed. Specific return objectives may include fund performance that exceeds the rate of inflation, the assumed discount rate, and/or the total fund policy return which is typically defined as a return of a passively managed benchmark comprised of the annual portfolio weights for each asset class.
- Cost – Seek to control the cost of funding the Employee Benefit Trust Fund within prudent levels of risk through the investment of Trust assets.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS – RETIREE MEDICAL PLAN (CONTINUED)

Investments (Continued)

- Diversification – Provide diversification of assets in an effort to avoid the risk of large losses and maximize the investment return to the Employee Benefit Trust Fund consistent with market and economic risk.
- Safety – Preservation of principal by avoiding overly risky alternatives that may provide additional investment return but subject the portfolio to above market risk of large losses.

As of June 30, 2021, the District's policy does not define asset allocation with defined target allocations.

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 0.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Net OPEB Asset, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a net OPEB asset of $7,304,467. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2021. For the year ended June 30, 2021, the District recognized OPEB expense (benefit) of ($566,528).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 4,672,744
Changes of Assumptions	327,730	255,775
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	206,651
Total	$ 327,730	$ 5,135,170

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS – RETIREE MEDICAL PLAN (CONTINUED)

Such amounts will be recognized in OPEB expense as follows:

Year Ending June 30,	Net Deferred Inflows and Outflows of Resources
2022	$ 983,342
2023	983,342
2024	713,850
2025	607,736
2026	571,159
Thereafter	948,011

Single Discount Rate

A single discount rate of 3.86% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on pension plan investments of 4.00%. This expected rate of return was based on a high quality municipal bond rate of 3.36%. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	July 1, 2021
Measurement Date of Net OPEB Asset	July 1, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Long-Term Expected Rate of Return	4.00%
Discount Rate	3.36%
Salary Increases	3.00%
Inflation	2.75%
Medical Care Cost Trend	Medical care trend rate, using Getzen M of 7.18% to 4.29%
Mortality	PUBT-2010 Experience Mortality Rates
Termination	WRS 2009-11 Public School Withdrawal Experience Table

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS – RETIREE MEDICAL PLAN (CONTINUED)

Sources of changes in Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Change in Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balances at 6/30/20	$ 13,897,546	$ 20,420,188	$ (6,522,642)
Changes for the year:			
Service Cost	723,856	-	723,856
Interest on Total OPEB Liability	466,475	-	466,475
Differences between expected and actual experience	(2,200,998)	-	(2,200,998)
Changes in assumptions	192,019	-	192,019
Adjustment	-	(363,979)	363,979
Benefit Payments	(1,635,187)	(1,635,187)	-
Net Investment Income	-	358,122	(358,122)
Administrative Expenses	-	(30,966)	30,966
Balances at 6/30/21	$ 11,443,711	$ 18,748,178	$ (7,304,467)

Sensitivity of the District's Net OPEB asset to Changes in the Discount Rate and Health Care Trend Rate

The following presents the net OPEB asset of the district calculated using the discount rate of 3.86%, as well as what the district's net OPEB asset would be if it were calculated using a discount rate that is one percentage-point lower (2.86%) or one percentage-point higher (4.86%) than the current rate:

	1% Decrease to Discount Rate (2.86%)	Current Discount Rate (3.86%)	1% Increase to Discount Rate (4.86%)
Net OPEB (Asset) Liability	$ (7,121,310)	$ (7,304,467)	$ (7,526,419)

The following presents the net OPEB asset of the District calculated using the healthcare trend rate of 7.18% decreasing to 4.29%, as well as what the District's net OPEB asset would be if it were calculated using a healthcare trend rate that is one percentage-point lower (6.18% decreasing to 3.29%) or one percentage-point higher (8.18% decreasing to 5.29%) than the current rate:

	1% Decrease to Healthcare Trend Rate (6.18% Decreasing to 3.29%)	Current Healthcare Trend Rate (7.18% Decreasing to 4.29%)	1% Increase to Healthcare Trend Rate (8.18% Decreasing to 5.29%)
Net OPEB (Asset) Liability	$ (7,327,640)	$ (7,304,467)	$ (7,281,438)

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

Plan Description

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

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

Benefits Provided

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

Contributions

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

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

Contribution rates as of June 30, 2021 are:

Coverage Type	Employer Contribution
50% Post-Retirement Coverage	40% of Member Contribution
25% Post-Retirement Coverage	20% of Member Contribution

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (CONTINUED)

Contributions (Continued)

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

Life Insurance
Member Contribution Rates*
For the Year Ended December 31, 2020

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

* Disabled members under age 70 receive a waiver-of-

During the year ending June 30, 2021, contributions to the LRIF from the District were not material to these financial statements.

LRLIF Liability, LRLIF Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to LRLIF

At June 30, 2021, the District reported a liability of $2,348,913 for its proportionate share of the net LRLIF liability. The net LRLIF liability was measured as of December 31, 2020, and the total LRLIF liability used to calculate the net LRLIF liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net LRLIF liability was based on the District's share of contributions to the LRLIF plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.42701900%, which was a decrease of 0.0030328% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized LRLIF expense (revenue) of $272,929.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (CONTINUED)

LRLIF Liability, LRLIF Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to LRLIF (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 112,081
Changes of Assumptions	913,760	161,167
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	34,199	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	41,812	129,573
Total	$ 989,771	$ 402,821

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

Year Ending June 30,	Net Deferred Inflows and Outflows of Resources
2022	$ 111,797
2023	108,098
2024	104,289
2025	96,403
2026	119,106
Thereafter	47,257
Total	$ 586,950

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (CONTINUED)

Actuarial assumptions

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

Actuarial Valuation Date	January 1, 2020
Measurement Date of Net LRLIF Liability	December 31, 2020
Actuarial Cost Method	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return	4.25%
Discount Rate	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

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

Long-Term Expected Return on Plan Assets

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

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Credit Bonds	Barclays Credit	50.00%	1.47%
U.S. Mortgages	Barclays MBS	50.00%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (CONTINUED)

Long-Term Expected Return on Plan Assets (Continued)

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

Single Discount Rate

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

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the District's Proportionate Share of the Net LRLIF Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net LRLIF liability calculated using the discount rate of 2.25%, as well as what the District's proportionate share of the net LRLIF liability would be if it were calculated using a discount rate that is one percentage point lower (1.25%) or one percentage point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's Proportionate Share of Net LRLIF Liability	$ 3,195,193	$ 2,348,913	$ 1,708,895

NOTE 12 FUND BALANCE AND NET POSITION

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This includes items such as inventories, prepaid amounts, the long-term amount of loans and notes receivable, property held for resale (unless the proceeds are restricted, committed, or assigned), and the corpus of a permanent fund.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by constitution provisions, external resource providers, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by formal action of the Board of Education (the District's highest level of decision-making authority).

Assigned - Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned - The residual classification for the general fund. Includes all funds that have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes. In addition, any deficit fund balance is reported as unassigned.

The District's policy on fund balance is for the District to: (1) strive to build and maintain a General Fund balance equivalent to at least 10%, but not greater than 35%, of the General Fund budget for the subsequent year and (2) strive to establish operating budgets that will add sufficient funds each year to attain those levels in the General Fund balance. In addition, the District shall strive to maintain a minimum fund balance in their self-funded dental insurance plan of 10% of premium costs. As such, the nonspendable portion of the general fund balance has been classified as assigned. The entire fund balance of the Community Service Fund has been assigned for use related to the District's natatorium.

The District will generally use restricted amounts before unrestricted amounts when doing so does not result in loss of general state aid.

The District's fund balance categories are presented in the Governmental Fund Balance Sheet.

NOTE 11 FUND BALANCE AND NET POSITION (CONTINUED)

Net position reported on the government-wide statement of net position at June 30, 2021 includes the following:

	Governmental Activities	Business-type Activities
Net Investment in Capital Assets:		
Land	$ 13,941,655	$ -
Construction in Progress	8,420,993	-
Other Capital Assets, Net of Accumulated Depreciation	208,891,603	419,438
	231,254,251	419,438
Less: Related Long-Term Debt Outstanding	(147,568,998)	-
Less: Unamortized Premium	(5,132,789)	-
Add: Unspent Bond Proceeds	-	-
Total Net Investment in Capital Assets	78,552,464	419,438
Restricted for:		
Net Pension Asset	15,261,811	255,038
Scholarships	82,628	-
Student Organizations	212,552	-
Debt Service	2,444,886	-
Special Projects	859,159	-
Net OPEB Asset	7,184,409	120,058
Capital Expansion	684,732	-
Total Restricted	26,730,177	375,096
Unrestricted	(12,544,605)	(98,955)
Total Net Position	$ 92,738,036	$ 695,579

NOTE 13 COMMITMENTS AND CONTINGENT LIABILITIES

Encumbrances for purchase orders, contracts, and other commitments for expenditures are recognized by the District as a reservation of fund balance. As of June 30, 2021, there are no material encumbrances outstanding.

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

NOTE 14 BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and special revenue funds. The statutes do not require a limit at which expenditures may not legally exceed appropriations. Any appropriations lapse at year-end.

NOTE 15 LIMITATION OF 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, 1993.
- A referendum on or after August 12, 1993.

Under 2011 Wisconsin Act 32, the District adopted a resolution and was granted authority to increase its revenue limit by the amount spent on a project to implement energy efficiency measures or to purchase energy efficiency projects, including the payment of debt service on bond or notes issued to finance the project.

NOTE 16 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following individual funds had an excess of actual expenditures over budget for the year ended June 30, 2021:

Fund	Excess Expenditures
General Fund:	
Support Services	$ 1,461,788
Nonprogram	597,126
Debt Service	265,051
Transfers to Other Funds	38,818
Special Education Fund:	
Nonprogram	171,712

NOTE 17 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.

NOTE 18 SUBSEQUENT EVENTS

On October 28, 2021, the District issued $9,500,000 through the PMA Levy & Aid Anticipation Notes (PLAAN) Program. Principal and interest will be made in full on October 28, 2022 and bear interest at a rate of 2.00%.

NOTE 19 RESTATEMENT

During fiscal year ended June 30, 2021, the District adopted GASB Statement No. 84, Fiduciary Activities. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle. The student activity funds and the scholarship funds were previously reported as a fiduciary fund. The beginning fund balance of the special revenue fund increased by $320,569 from $636,616 to $957,185. The beginning net position of the governmental activities increased by $320,569 from $76,832,948 to $77,153,517.

REQUIRED SUPPLEMENTARY INFORMATION

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local Sources:				
Property Taxes	$ 46,974,296	$ 46,974,296	$ 46,974,296	$ -
Other Local Sources	11,000	11,000	143,177	132,177
Interdistrict Sources	1,169,936	1,169,936	1,213,221	43,285
State Sources	24,432,510	24,432,510	24,617,579	185,069
Federal Sources	902,227	902,227	1,231,374	329,147
Other Sources	193,413	193,413	1,078,282	884,869
Total Revenues	73,683,382	73,683,382	75,257,929	1,574,547
EXPENDITURES				
Instruction:				
Regular Curriculum	28,785,765	28,785,765	27,358,723	1,427,042
Vocational Curriculum	1,598,825	1,598,825	1,635,699	(36,874)
Co-Curricular Activities	575,207	575,207	440,494	134,713
Special Instruction	3,409,159	3,409,159	3,313,963	95,196
Physical Curriculum	1,671,666	1,671,666	1,668,557	3,109
Total Instruction	36,040,622	36,040,622	34,417,436	1,623,186
Support Services:				
Pupil Services	2,105,601	2,105,601	2,292,339	(186,738)
Instructional Staff Services	3,606,335	3,606,335	3,778,508	(172,173)
General Administration	2,441,448	2,441,448	2,430,208	11,240
School Administration	4,077,506	4,077,506	4,068,353	9,153
Business Services	2,063,349	2,063,349	2,383,205	(319,856)
Operations and Maintenance of Plant	6,663,367	6,663,367	7,629,106	(965,739)
Pupil Transportation	2,313,170	2,313,170	2,280,572	32,598
Central Services	557,976	557,976	660,774	(102,798)
Insurance	583,335	583,335	582,961	374
Other Support Services	737,670	737,670	505,519	232,151
Total Support Services	25,149,757	25,149,757	26,611,545	(1,461,788)
Nonprogram	1,376,905	1,376,905	1,974,031	(597,126)
Debt Service:				
Interest	74,009	74,009	339,060	(265,051)
Total Debt Service	74,009	74,009	339,060	(265,051)
Total Expenditures	62,641,293	62,641,293	63,342,072	(700,779)
EXCESS OF REVENUES OVER EXPENDITURES	11,042,089	11,042,089	11,915,857	873,768
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(10,752,684)	(10,752,684)	(10,791,502)	(38,818)
Total Other Financing Sources (Uses)	(10,752,684)	(10,752,684)	(10,791,502)	(38,818)
NET CHANGE IN FUND BALANCE	289,405	289,405	1,124,355	834,950
Fund Balance - Beginning of Year	16,184,483	16,184,483	16,184,483	-
FUND BALANCE - END OF YEAR	$ 16,473,888	$ 16,473,888	$ 17,308,838	$ 834,950

See accompanying Notes to Required Supplementary Information.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
State Sources	$ 3,213,381	$ 3,213,381	$ 3,144,638	$ (68,743)
Federal Sources	997,425	997,425	861,115	(136,310)
Total Revenues	4,210,806	4,210,806	4,005,753	(205,053)
EXPENDITURES				
Instruction:				
Regular Curriculum	60,225	60,225	64,728	(4,503)
Special Instruction	8,238,727	8,238,727	7,846,546	392,181
Total Instruction	8,298,952	8,298,952	7,911,274	387,678
Support Services:				
Pupil Services	1,932,155	1,932,155	1,916,338	15,817
Instructional Staff Services	1,192,878	1,192,878	1,044,445	148,433
Operations and Maintenance of Plant	28,000	28,000	25,115	2,885
Pupil Transportation	532,082	532,082	544,311	(12,229)
Business Services	4,002	4,002	1,290	2,712
Other Support Services	4,600	4,600	379	4,221
Total Support Services	3,693,717	3,693,717	3,531,878	161,839
Nonprogram	117,743	117,743	289,455	(171,712)
Total Expenditures	12,110,412	12,110,412	11,732,607	377,805
DEFICIENCY OF REVENUES OVER EXPENDITURES	(7,899,606)	(7,899,606)	(7,726,854)	172,752
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	7,899,606	7,899,606	7,726,854	(172,752)
Total Other Financing Sources (Uses)	7,899,606	7,899,606	7,726,854	(172,752)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

See accompanying Notes to Required Supplementary Information.

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

Measurement Date: December 31,	2014	2015	2016	2017	2018	2019	2020
District's Proportion of the Net Pension Liability (Asset)	0.25150271%	0.24970597%	0.24936066%	0.25007170%	0.25011012%	0.24958682%	0.24854244%
District's Proportionate Share of the Net Pension Liability (Asset)	$ (6,177,595)	$ 4,057,674	$ 2,055,327	$ (7,424,925)	$ 8,898,134	$ (8,047,818)	$ (15,516,849)
District's Covered Payroll	$ 34,790,332	$ 35,396,734	$ 36,135,268	$ 37,185,567	$ 38,323,393	$ 39,829,301	$ 41,000,852
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	17.76%	11.46%	5.69%	19.97%	23.22%	20.21%	-37.85%
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%

SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
WISCONSIN RETIREMENT SYSTEM NET PENSION
LAST TEN FISCAL YEARS
(SCHEDULE PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

Fiscal Year Ended: June 30,	2015	2016	2017	2018	2019	2020	2021
District's Actuarially Determined Contributions	$ 2,435,430	$ 2,407,339	$ 2,388,444	$ 2,531,293	$ 2,568,454	$ 2,608,883	$ 2,885,164
District's Contributions in Relation to the Actuarially Determined Contributions	(2,435,430)	(2,407,339)	(2,388,444)	(2,531,293)	(2,568,454)	(2,608,883)	(2,885,164)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 34,790,332	$ 35,396,734	$ 36,135,268	$ 37,185,567	$ 38,323,393	$ 39,829,301	$ 42,743,171

See accompanying Notes to Required Supplementary Information.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
SUPPLEMENTAL PENSION
LAST TEN FISCAL YEARS
(SCHEDULE PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	2015	2016	2017	2018	2019	2020	2021
District's Actuarially Determined Contributions	$ 1,412,208	$ 620,588	$ 645,412	$ 558,014	$ 632,284	$ 441,596	$ 432,634
District's Contributions in Relation to the Actuarially Determined Contributions	14,308,236	-	-	-	-	-	-
Contribution Deficiency (Excess)	(12,896,028)	620,588	645,412	558,014	632,284	441,596	432,634
District's Covered-Employee Payroll	21,339,399	21,030,020	17,667,496	20,401,347	27,229,528	27,229,528	13,327,916
District's Contributions as a Percentage of Covered-Employee Payroll	67.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying Notes to Required Supplementary Information.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
SUPPLEMENTAL PENSION
LAST TEN FISCAL YEARS
(SCHEDULE PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability							
Service Cost	$ 651,616	$ 620,588	$ 645,412	$ 465,148	$ 483,754	$ 337,432	$ 350,929
Interest on Total Pension Liability	503,901	502,764	486,577	477,735	481,836	440,066	415,005
Changes in Benefit Terms	-	-	-	-	(214,790)	-	-
Differences Between Expected and Actual Experience	554	-	78,574	-	71,851	-	1,116,313
Changes in Assumptions	-	-	129,069	-	(392,513)	-	-
Benefit Payments	(1,120,257)	(1,245,214)	(1,821,255)	(1,294,945)	(1,340,550)	(1,315,609)	(1,519,406
Net Change in Total Pension Liability	35,814	(121,862)	(481,623)	(352,062)	(910,412)	(538,111)	362,841
Total Pension Liability - Beginning	13,152,165	13,187,979	13,066,117	12,584,494	12,232,432	11,322,020	10,783,909
Total Pension Liability - Ending	13,187,979	13,066,117	12,584,494	12,232,432	11,322,020	10,783,909	11,146,750
Plan Fiduciary Net Position							
Contributions - Employer	14,308,236	-	-	-	-	-	-
Net Investment Income (Loss)	-	1,284,962	(41,561)	17,695	1,116,792	1,195,956	201,591
Benefit Payments	(1,120,257)	(1,245,214)	(1,821,255)	(1,294,945)	(1,340,550)	(1,315,609)	(1,519,406
Administrative Expenses	-	(36,234)	(28,299)	(24,472)	(20,705)	(20,741)	(17,419
Net Change in Fiduciary Net Position	13,187,979	3,514	(1,891,115)	(1,301,722)	(244,463)	(140,394)	(1,335,234
Plan Fiduciary Net Position - Beginning	-	13,187,979	13,191,493	11,300,378	9,998,656	9,754,193	9,613,799
Plan Fiduciary Net Position - Ending	13,187,979	13,191,493	11,300,378	9,998,656	9,754,193	9,613,799	8,278,565
Net Pension (Asset) Liability	$ -	$ (125,376)	$ 1,284,116	$ 2,233,776	$ 1,567,827	$ 1,170,110	$ 2,868,185
Plan Fiduciary Nnet Position as a Percentage of the Total Pension Liability	100.00%	100.96%	89.80%	81.74%	86.15%	89.15%	74.27%
Covered-Employee Payroll	$ 21,339,399	$ 21,030,020	$ 17,667,496	$ 20,401,347	$ 27,229,528	$ 27,229,528	$ 13,327,916
Net Pension (Asset) Liability as a Percentage of Covered-Employee Payroll	0.00%	-0.60%	7.27%	10.95%	5.76%	4.30%	21.52%

See accompanying Notes to Required Supplementary Information.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS
LAST TEN FISCAL YEARS
(SCHEDULE PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	2017	2018	2019	2020	2021
District's Actuarially Determined Contributions	$ 795,916	$ 929,473	$ 864,836	$ 698,434	$ 723,856
District Contributions in Relation to the Actuarially Determined Contributions	-	-	-	-	-
Contribution Deficiency (Excess)	795,916	929,473	864,836	698,434	723,856
District's Covered-Employee Payroll	31,295,246	32,234,103	33,201,126	34,197,160	38,101,039
District's Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying Notes to Required Supplementary Information.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFITS ASSET AND RELATED RATIOS
LAST TEN FISCAL YEARS
(SCHEDULE PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	$ 795,916	$ 929,473	$ 864,836	$ 698,434	$ 723,856
Interest on Total OPEB Liability	807,791	720,954	710,352	499,018	466,475
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(1,154,478)	431,790	(3,300,138)	127,094	(2,200,998)
Changes in Assumptions	(545,607)	-	238,277	-	192,019
Benefit Payments	(2,699,778)	(2,148,242)	(1,681,396)	(2,145,507)	(1,635,187)
Net Change in Total OPEB Liability	(2,796,156)	(66,025)	(3,168,069)	(820,961)	(2,453,835)
Total OPEB Liability - Beginning	20,748,757	17,952,601	17,886,576	14,718,507	13,897,546
Total OPEB Liability - Ending	17,952,601	17,886,576	14,718,507	13,897,546	11,443,711
Plan Fiduciary Net Position					
Contributions - Employer	-	-	-	-	-
Net Investment Income (Loss)	(76,611)	31,394	1,985,409	2,126,146	358,122
Benefit Payments	(2,699,778)	(2,148,242)	(1,681,396)	(2,145,507)	(1,635,187)
Adjustment	-	-	-	-	(363,979)
Administrative Expenses	(50,526)	(45,382)	(36,808)	(36,872)	(30,966)
Net Change in Fiduciary Net Position	(2,826,915)	(2,162,230)	267,205	(56,233)	(1,672,010)
Plan Fiduciary Net Position - Beginning	25,198,361	22,371,446	20,209,216	20,476,421	20,420,188
Plan Fiduciary Net Position - Ending	22,371,446	20,209,216	20,476,421	20,420,188	18,748,178
Net OPEB (Asset) Liability	$ (4,418,845)	$ (2,322,640)	$ (5,757,914)	$ (6,522,642)	$ (7,304,467)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	124.61%	112.99%	139.12%	146.93%	163.83%
Covered-Employee Payroll	$ 20,482,131	$ 20,401,347	$ 33,201,126	$ 34,197,160	$ 38,101,039
Net OPEB (Asset) Liability as a Percentage of Covered-Employee Payroll	-21.57%	-11.38%	-17.34%	-19.07%	-19.17%

See accompanying Notes to Required Supplementary Information.

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS
(SCHEDULE PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	2017	2018	2019	2020	2021
Annual Money-Weighted Rate of Return, Net of Investment Expense.	-0.08%	0.04%	2.44%	2.60%	0.46%

See accompanying Notes to Required Supplementary Information.

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

Measurement Date: December 31,	2017	2018	2019	2020
District's Proportion of the Net LRLIF Liability (Asset)	0.43910900%	0.46553900%	0.45734700%	0.42701900%
District's Proportionate Share of the Net LRLIF Liability (Asset)	$ 1,321,095	$ 1,201,248	$ 1,947,473	$ 2,348,913
District's Covered-Employee Payroll	$ 18,465,790	$ 22,137,000	$ 20,832,000	$ 19,561,000
District's Proportionate Share of the Net LRLIF Liability (Asset) as a Percentage of its Covered-Employee Payroll	7.15%	5.43%	9.35%	12.01%
Plan Fiduciary Net Position as a Percentage of the Total LRLIF Liability (Asset)	44.81%	48.69%	37.58%	31.36%

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN FISCAL YEARS
(SCHEDULE PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

Fiscal Year Ended: June 30,	2018	2019	2020
District's Contractually Required Contribution to the	$ 8,969	$ 8,267	$ 8,515
District's Contributions in Relation Contractually Required Contributions	(8,969)	(8,267)	(8,515)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 22,137,000	$ 20,832,000	$ 19,561,000
District's Contributions as a Percentage of Covered-Employee Payroll	0.04%	0.04%	0.04%

See accompanying Notes to Required Supplementary Information.

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

Retiree Medical

Changes of Benefit Terms

There were no changes of benefit terms.

Changes of Assumptions

6/30/2021	No significant change in assumptions were noted from the prior year.
6/30/2020	No significant change in assumptions were noted from the prior year.
6/30/2019	No significant change in assumptions were noted from the prior year.
6/30/2018	No significant change in assumptions were noted from the prior year.
6/30/2017	No significant change in assumptions were noted from the prior year.

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Local Retiree Life Insurance Fund

Changes of Benefit Terms

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

Changes of Assumptions

12/31/2020	The Single Discount Rate assumption used to develop Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.
12/31/2019	Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation.
12/31/2018	Actuarial assumptions are based upon on an experience study conducted in 2018 using experience from 2015 – 2017. 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, postretirement adjustment, wage inflation rate, mortality and separation rates.
12/31/2017	No significant change in assumptions were noted from the prior year.

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 2 PENSION BENEFITS

Wisconsin Retirement System

Changes of Benefit Terms

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

Changes of Assumptions

12/31/2020	No significant change in assumptions were noted from the prior year.
12/31/2019	No significant change in assumptions were noted from the prior year.
12/31/2018	No significant change in assumptions were noted from the prior year.
12/31/2017	Actuarial assumptions are based upon on an experience study conducted in 2018 using experience from 2015 – 2017. 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, postretirement adjustment, wage inflation rate, mortality and separation rates.
12/31/2016	No significant change in assumptions were noted from the prior year.
12/31/2015	No significant change in assumptions were noted from the prior year.
12/31/2014	No significant change in assumptions were noted from the prior year.

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Supplemental Pension

Changes of Benefit Terms

There were no changes of benefit terms.

Changes of Assumptions

6/30/2021	No significant change in assumptions were noted from the prior year.
6/30/2020	No significant change in assumptions were noted from the prior year.
6/30/2019	No significant change in assumptions were noted from the prior year.
6/30/2018	No significant change in assumptions were noted from the prior year.
6/30/2017	No significant change in assumptions were noted from the prior year.

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 3 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 the general fund is shown in that schedule.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
OTHER NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Special Revenue Fund	Capital Expansion Fund	Community Services Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	$ 416,420	$ 684,732	$ 555,444	$ 1,656,596
Due from Other Funds	771,933	-	220,548	992,481
Due from Employee Benefit Trust Fund	-	-	953	953
Total Assets	$ 1,188,353	$ 684,732	$ 776,945	$ 2,650,030
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 8,038	$ -	$ 1,118	$ 9,156
Accrued Salaries and Related Items	878	-	7,425	8,303
Due to Other Funds	25,098	-	-	25,098
Total Liabilities	34,014	-	8,543	42,557
FUND BALANCES				
Restricted for:				
Scholarships	82,628	-	-	82,628
Student Organizations	212,552	-	-	212,552
Capital Expansion	-	684,732	-	684,732
Special Projects	859,159	-	-	859,159
Assigned	-	-	768,402	768,402
Total Fund Balances	1,154,339	684,732	768,402	2,607,473
Total Liabilities and Fund Balances	$ 1,188,353	$ 684,732	$ 776,945	$ 2,650,030

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
OTHER NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Special Revenue Fund	Capital Expansion Fund	Community Services Fund	Nonmajor Governmental Funds
REVENUES				
Local Sources:				
Property Taxes	$ -	$ 1,000	$ 956,638	$ 957,638
Other Local Sources	747,844	-	90,555	838,399
Other Sources	135	624	-	759
Total Revenues	747,979	1,624	1,047,193	1,796,796
EXPENDITURES				
Instruction:				
Regular Instruction	127,727	-	-	127,727
Vocational Instruction	5,576	-	-	5,576
Co-Curricular Activities	371,516	-	-	371,516
Physical Curriculum	1,400	-	-	1,400
Support Services:				
General Administration	16,359	-	-	16,359
School Administration	630	-	184,471	185,101
Business Services	18,888	-	-	18,888
Operation and Maintenance of Plant	-	-	54,454	54,454
Pupil Transportation Services	3,791	-	-	3,791
Central Services	-	-	-	-
Insurance	-	-	-	-
Community Services	-	-	341,981	341,981
Other Support Services	1,425	-	-	1,425
Nonprogram	3,513	-	-	3,513
Total Expenditures	550,825	-	580,906	1,131,731
NET CHANGE IN FUND BALANCES	197,154	1,624	466,287	665,065
Fund Balances - Beginning of Year, As Restated	957,185	683,108	302,115	1,942,408
FUND BALANCES - END OF YEAR	$ 1,154,339	$ 684,732	$ 768,402	$ 2,607,473

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2021

Operating Activity	WUFAR Object Code	Cost
Employee Salaries	100	$ 10,661
Employee Benefits	200	2,268
		$ 12,929

VERONA AREA SCHOOL DISTRICT
VERONA, WISCONSIN
ANALYSIS OF LOCAL LEVY
JUNE 30, 2021

	2019 Taxes Receivable July 1, 2020	Total 2020 Levy	Collections	2020 Taxes Receivable June 30, 2021
City of Fitchburg	$ 4,350,034	$ 15,605,513	$ (15,254,068)	$ 4,701,479
City of Verona	14,577,455	40,681,121	(39,869,116)	15,389,460
Town of Verona	1,227,667	4,709,841	(4,596,946)	1,340,562
City of Madison	413,330	2,409,745	(2,418,666)	404,409
Town of Springdale	343,634	1,278,670	(1,261,812)	360,492
Town of Montrose	94,716	364,625	(367,639)	91,702
Town of Middleton	55,755	217,944	(215,220)	58,479
Total	$ 21,062,591	$ 65,267,459	$ (63,983,467)	$ 22,346,583

OTHER INDEPENDENT AUDITORS' REPORT

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

Board of Education
Verona Area School District
Verona, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Verona Area School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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*.

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

CliftonLarsonAllen LLP

Middleton, Wisconsin
December 10, 2021