

SCHOOL DISTRICT OF JANESVILLE

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended June 30, 2020

SCHOOL DISTRICT OF JANESVILLE

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
School District of Janesville
Janesville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Janesville, Wisconsin, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District of Janesville'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 over financial reporting relevant to the School District of Janesville'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 School District of Janesville'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.

To the Board of Education
School District of Janesville

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Janesville, Wisconsin, as of June 30, 2020 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the School District of Janesville adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, the School District of Janesville adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective July 1, 2019. 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 listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

To the Board of Education
School District of Janesville

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Janesville's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020 on our consideration of the School District of Janesville'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 School District of Janesville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Janesville's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
November 23, 2020

SCHOOL DISTRICT OF JANESVILLE

STATEMENT OF NET POSITION As of June 30, 2020

ASSETS

CURRENT ASSETS

Cash and investments	\$ 34,083,076
Taxes receivable	10,845,543
Accounts receivable	14,326
Due from other governments	5,300,921
Prepaid items	570,294
Inventory	1,888,969
Total Current Assets	<u>52,703,129</u>

NONCURRENT ASSETS

Restricted Assets	
Net pension asset	14,573,008
Capital assets	
Land	1,329,333
Site improvements not being depreciated	703,841
Capital assets being depreciated	224,441,560
Less: Accumulated depreciation	<u>(98,935,008)</u>
Net Capital Assets	<u>142,112,734</u>
Total Assets	<u>194,815,863</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	1,116,490
Deferred outflows related to pensions	31,416,023
Deferred outflows related to OPEB	<u>3,733,796</u>
Total Deferred Outflows of Resources	<u>36,266,309</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	15,945,266
Due to other governments	3,221,687
Current portion of long-term obligations	6,509,362
Accrued interest payable	<u>370,050</u>
Total Current Liabilities	<u>26,046,365</u>

NONCURRENT LIABILITIES

Noncurrent portion of long-term obligations	<u>73,765,810</u>
Total Liabilities	<u>99,812,175</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	43,783,187
Deferred inflows related to OPEB	<u>2,922,474</u>
Total Deferred Inflows of Resources	<u>46,705,661</u>

NET POSITION

Net investment in capital assets	89,903,919
Restricted for	
Debt service	1,029,045
Community service	96,062
Capital projects	6,285,452
Food service	1,486,208
Pension	14,573,008
Rock University High School Charter School	1,430
Trusts (donations)	691,832
Unrestricted (deficit)	<u>(29,502,620)</u>
Total Net Position	<u>\$ 84,564,336</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF JANESVILLE

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Instruction					
Regular	\$ 47,862,056	\$ 2,185,513	\$ 3,405,878	\$ -	\$ (42,270,665)
Vocational	3,747,434	-	87,305	-	(3,660,129)
Special education	20,616,824	-	6,567,539	-	(14,049,285)
Other	4,832,084	141,776	1,458	-	(4,688,850)
Total Instruction	<u>77,058,398</u>	<u>2,327,289</u>	<u>10,062,180</u>	<u>-</u>	<u>(64,668,929)</u>
Support Services					
Pupil services	6,609,576	-	7,493,165	-	883,589
Instructional support services	8,226,741	-	2,140,297	-	(6,086,444)
Administration	8,164,170	-	88,157	-	(8,076,013)
Buildings and grounds	15,930,831	-	32,866	72,403	(15,825,562)
Pupil transportation	1,932,497	-	113,874	-	(1,818,623)
Other support services	6,087,482	-	90,128	-	(5,997,354)
Food service	5,322,122	815,638	4,289,953	-	(216,531)
Interest and fees	1,876,935	-	-	-	(1,876,935)
Community service	118,946	-	-	-	(118,946)
Total Support Services	<u>54,269,300</u>	<u>815,638</u>	<u>14,248,440</u>	<u>72,403</u>	<u>(39,132,819)</u>
	<u>\$ 131,327,698</u>	<u>\$ 3,142,927</u>	<u>\$ 24,310,620</u>	<u>\$ 72,403</u>	<u>(103,801,748)</u>
General Revenues					
Taxes					
Property taxes:					
General purposes					28,097,872
Debt service					12,701,611
Other taxes					50,000
State and federal aids not restricted to specific functions:					
General					69,434,800
Other					56,462
Investment income					324,992
Miscellaneous					1,458,526
Total General Revenues					<u>112,124,263</u>
Change in Net Position					8,322,515
NET POSITION - BEGINNING OF YEAR					<u>76,241,821</u>
NET POSITION - END OF YEAR					<u>\$ 84,564,336</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF JANESVILLE

BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2020

	General Fund	Special Revenue Education Fund	Debt Service Fund	Special Revenue Food Service Fund	Capital Projects Capital Improvement Trust	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 25,750,565	\$ -	\$ 1,399,095	\$ 1,439,573	\$ 4,685,452	\$ 808,391	\$ 34,083,076
Taxes receivable	10,845,543	-	-	-	-	-	10,845,543
Accounts receivable	14,326	-	-	-	-	-	14,326
Due from other governments	4,168,715	788,632	-	303,711	-	39,863	5,300,921
Prepaid items	563,851	5,620	-	823	-	-	570,294
Due from other funds	-	1,968,856	-	-	1,600,000	-	3,568,856
Inventory	1,888,969	-	-	-	-	-	1,888,969
TOTAL ASSETS	\$ 43,231,969	\$ 2,763,108	\$ 1,399,095	\$ 1,744,107	\$ 6,285,452	\$ 848,254	\$ 56,271,985
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities							
Accounts payable	\$ 2,920,111	\$ 12,133	\$ -	\$ 102,828	\$ -	\$ 11,949	\$ 3,047,021
Accrued salaries and wages	7,126,782	2,034,323	-	67,026	-	64,078	9,292,209
Payroll taxes and withholdings	2,875,269	716,652	-	12,155	-	1,960	3,606,036
Due to other funds	3,568,856	-	-	-	-	-	3,568,856
Due to other governments	3,165,224	-	-	-	-	56,463	3,221,687
Total Liabilities	19,656,242	2,763,108	-	182,009	-	134,450	22,735,809
Deferred Inflows of Resources							
Unearned revenue - student fees	82,984	-	-	75,890	-	-	158,874
Fund Balances (Deficit)							
Nonspendable	2,452,820	-	-	823	-	-	2,453,643
Restricted	-	-	1,399,095	1,485,385	6,285,452	789,324	9,959,256
Committed	-	-	-	-	-	-	-
Assigned	227,476	-	-	-	-	-	227,476
Unassigned (deficit)	20,812,447	-	-	-	-	(75,520)	20,736,927
Total Fund Balances (Deficit)	23,492,743	-	1,399,095	1,486,208	6,285,452	713,804	33,377,302
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 43,231,969	\$ 2,763,108	\$ 1,399,095	\$ 1,744,107	\$ 6,285,452	\$ 848,254	

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.	127,539,726
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements	158,874
Net pension asset does not relate to current financial resources and is not reported in the governmental funds.	14,573,008
Deferred outflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.	35,149,819
Deferred inflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.	(46,705,661)
Long term liabilities, including bonds and notes payable, pension and OPEB liabilities and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(80,275,172)
Deferred charge on refunding do not relate to current financial resources and are not reported in the governmental funds.	1,116,490
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(370,050)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 84,564,336

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF JANESVILLE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Special Revenue Special Education Fund	Debt Service Fund	Special Revenue Food Service Fund	Capital Projects Capital Improvement Trust	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Local	\$ 29,360,414	\$ -	\$ 12,800,726	\$ 838,133	\$ 101,571	\$ 1,466,649	\$ 44,567,493
Interdistrict	4,579,209	-	-	-	-	4,937	4,584,146
Intradistrict	209,091	-	-	-	-	-	209,091
Intermediate	63,846	-	-	-	-	-	63,846
State	74,628,915	4,370,565	-	110,497	-	-	79,109,977
Federal	4,210,221	2,961,183	-	4,179,455	-	144,243	11,495,102
Other	413,290	100	-	13,330	-	-	426,720
Total Revenues	113,464,986	7,331,848	12,800,726	5,141,415	101,571	1,615,829	140,456,375
EXPENDITURES							
Instruction							
Regular	42,502,286	-	-	-	-	396,642	42,898,928
Special education	5,244,350	15,048,398	-	-	-	74,812	20,367,560
Vocational	3,740,678	-	-	-	-	16,845	3,757,523
Other	4,589,522	-	-	-	-	290,186	4,879,708
Total Instruction	56,076,836	15,048,398	-	-	-	778,485	71,903,719
Support Services							
Instructional support services	6,945,963	824,408	-	1,162	-	112,470	7,884,003
Pupil services	4,123,352	2,455,286	-	-	-	76,567	6,655,205
Administration	7,957,575	47,974	-	-	-	202,694	8,208,243
Buildings and grounds	12,026,923	1,093	-	22,998	-	619	12,051,633
Pupil transportation	882,607	1,041,973	-	-	-	817	1,925,397
Other support services	6,033,432	6,853	-	-	-	10,388	6,050,673
Debt service							
Principal	145,185	-	20,660,000	-	-	-	20,805,185
Interest and fees	40,780	-	2,173,010	-	-	-	2,213,790
Food service	-	-	-	5,218,342	-	-	5,218,342
Total Support Services	38,155,817	4,377,587	22,833,010	5,242,502	-	403,555	71,012,471
Community Service	-	-	-	-	-	118,946	118,946
Non Program	4,756,686	368,690	-	-	-	-	5,125,376
Total Expenditures	98,989,339	19,794,675	22,833,010	5,242,502	-	1,300,986	148,160,512
Excess (deficiency) of revenues over expenditures	14,475,647	(12,462,827)	(10,032,284)	(101,087)	101,571	314,843	(7,704,137)
OTHER FINANCING SOURCES (USES)							
Debt Issued	-	-	10,075,000	-	-	-	10,075,000
Proceeds from sale of capital assets	27,000	-	-	-	-	-	27,000
Transfers in	-	12,462,827	371	-	1,600,000	-	14,063,198
Transfers out	(14,062,827)	-	-	-	-	(371)	(14,063,198)
	(14,035,827)	12,462,827	10,075,371	-	1,600,000	(371)	10,102,000
Net Change in Fund Balances	439,820	-	43,087	(101,087)	1,701,571	314,472	2,397,863
FUND BALANCES - BEGINNING OF YEAR	23,052,923	-	1,356,008	1,587,295	4,583,881	399,332	30,979,439
FUND BALANCES - END OF YEAR	\$ 23,492,743	\$ -	\$ 1,399,095	\$ 1,486,208	\$ 6,285,452	\$ 713,804	\$ 33,377,302

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF JANESVILLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 2,397,863

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 net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in governmental fund statements but is capitalized in the district-wide financial statements	1,608,806
Depreciation expense reported in the statement of activities	(6,203,853)
Net book value of assets disposed	(37,989)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements	(833,162)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	
General obligation debt	(10,075,000)
Principal repaid	
General obligation debt	20,660,000
Capital leases	145,185

Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are deferred and reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of premium	477,623
Deferred charge on refunding	(341,783)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Vested compensated absences	(506,951)
Net pension asset	30,957,591
Net OPEB liability	(1,400,729)
Accrued interest on debt	201,017
Deferred outflows of resources related to pensions	(10,453,611)
Deferred inflows of resources related to pensions	(21,241,658)
Deferred inflows of resources related to OPEB	547,744
Deferred outflows of resources related to OPEB	<u>2,421,422</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 8,322,515

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF JANESVILLE

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of June 30, 2020

	Private- Purpose Trust	Employee Benefit Trust Fund
	Scholarships	Post-Retirement Health Benefits
ASSETS		
Cash and investments	\$ 257,070	\$ 4,317,436
Due from other governments	-	3,205,534
TOTAL ASSETS	\$ 257,070	\$ 7,522,970
LIABILITIES		
Due to other governments	\$ -	\$ 1,718,446
NET POSITION		
Restricted for OPEB	-	5,804,524
Restricted for scholarships	257,070	-
TOTAL NET POSITION	\$ 257,070	\$ 5,804,524

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF JANESVILLE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2020

	Private- Purpose Trust	Employee Benefit Trust Fund
	Scholarships	Post-Retirement Health Benefits
ADDITIONS		
Contributions	\$ -	\$ 3,205,534
Investment earnings	1,050	84,710
Gifts	13,876	-
Total additions	14,926	3,290,244
DEDUCTIONS		
Payments of scholarships	17,498	-
Other post retirement benefits expense	-	1,718,445
Total deductions	17,498	1,718,445
Net change in net position	(2,572)	1,571,799
NET POSITION - BEGINNING OF YEAR	259,642	4,232,725
NET POSITION - END OF YEAR	\$ 257,070	\$ 5,804,524

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF JANESVILLE

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SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School District of Janesville (the "District"), conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Units

The Rock University High School is a charter school organized pursuant to Wis. Stat 118.40(2m)(a) which authorizes the District to enter into a contract to operate a charter school within the District. The Rock University High School is reported as a special revenue fund. Separately issued financial statements of the Rock University High School may be obtained from the Rock University High School office.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented July 1, 2019.

In April 2018, the GASB issued Statement No 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This standard was implemented July 1, 2019.

District-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

- b. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

- General Fund - accounts for the District's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Revenue - Special Education Fund - used to account for and report grants and local revenues used to provide special education services to district students.
- Special Revenue - Food Service Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the district programs.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.
- Capital Projects Fund - Capital Improvement Trust Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Trust Fund
- Community Service Fund
- Cooperative Fund
- Rock University High School

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Capital Projects Fund

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the District reports the following fund types:

Private-Purpose Trust Fund - used to account for and report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Scholarship Fund

Pension (and Other Employee Benefit) Trust Fund - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Post-Retirement Health Benefits

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

District-Wide Financial Statements

The district-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Property taxes are recorded in the year levied as receivables and revenue.

Intergovernmental aids and grants are recognized as revenues in the period the District is entitled the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as student fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above. Charges for special education services are not reduced by anticipated state special education aid entitlement.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

All Financial Statements

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Investment of District funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds, is regulated by Chapter 881 of the Wisconsin Statutes. This section gives broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The District has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Custodial credit risk
- Interest rate risk
- Concentration of credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of district accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but invests its funds in accordance with applicable Wisconsin statutes. The WISC has characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. As June 30, 2020 the District's share of the WISC's assets was substantially equal to the amount reported.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

See Note III. A. for further information.

2. Receivables

General accounts receivable have been adjusted for all known uncollectable accounts. No allowance is necessary at year end.

Property taxes are levied in December on the assessed value as of the prior January 1.

The aggregate amount of property taxes to be levied for school purposes is determined according to the provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1.

Property tax calendar - 2019 tax roll:

Lien date and levy date	December, 2019
Tax bills mailed	December, 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020

Property taxes are recognized in the fiscal year levied. The District considers all taxes as due prior to the end of the fiscal year. Full receipt of the entire levy is assured within 60 days of the District's fiscal year end.

Property taxes are collected by the local taxing units until January 31. Real estate tax collections after that date are made by the applicable county, which assumes all responsibility for delinquent real estate taxes.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting.

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

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

5. Capital Assets

District-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the district-wide financial statements. Capital assets are defined by the district as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings and building improvements	20-100 Years
Site improvements	20 Years
Furniture and equipment	5 -20 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the district-wide financial statements.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences

Under terms of employment, employees are granted vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

The district's policy does not provide school year employees with paid vacations. However, 12-month employees are provided paid vacation days. Administrators are paid for their unused vacation days at retirement. The superintendent can cash in up to two week's vacation annually and directors and high school principals can cash in up to one week annually.

For staff hired prior to July 1, 2015 with a minimum of 10 years of full-time service in the District and at least age 55, all unused sick leave accumulated upon retirement is converted to a dollar amount of \$147 per day. The total can be applied to additional months of coverage at the full premium rate at the time of retirement. Sick leave days accrued prior to July 1, 2015 can only be used to purchase additional months of health and prescription drug coverage. These days will not be converted for any other benefit at the time of early retirement. Sick leave days accrued after July 1, 2015 will be converted to a dollar amount of \$147 per day and placed into a tax-sheltered annuity at the time of early retirement.

For staff hired after July 1, 2015 with a minimum of 10 years of full-time service in the District and at least age 55, all unused sick leave accumulated upon retirement is converted to a dollar amount of \$147 per day to be applied to a 457 deferred compensation plan payable at retirement.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2020, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations

All long-term obligations to be repaid from District resources are reported as liabilities in the district-wide statements. The long-term obligations consist primarily of bonds payable, capital leases, net pension obligation, other postemployment benefit obligations, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

For the district-wide statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

District-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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.

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Board of Education. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The District has adopted a financial policy authorizing the Chief Financial Officer to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The District policy on general fund balance follows the following guidelines: (1) to maintain an assigned general fund balance of 17-23% of general and special education fund budgeted expenditures for the ensuing fiscal year, excluding claims expenses for self-funded insurance, (2) to maintain a self-funded dental plan claim stabilization reserve of not less than 10% of the expected claims cost for the ensuing fiscal year, and (3) to limit the use of unassigned fund balance to funding the district's Other Post-Employment Benefits (OPEB) liability, reducing the district's property tax levy, or to one-time expenditures such as the start-up cost of a new program or one-time cost of a capital expenditure. As such, the district's general fund balance has been classified in accordance with this policy. The district will generally use restricted amounts before unrestricted amounts when doing so does not result in loss of general state aid. As of June 30, 2020, the district is compliance with their fund balance policy.

See Note III. H. for further information.

Fiduciary fund net position is classified as restricted for scholarships and other postemployment benefits on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the district believes it is in compliance with all significant restrictions.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Pension

For purposes of measuring the Net Pension Asset, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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 single-employer pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the District's single-employer pension plan recognizes benefit payments when due and payable in accordance with benefit terms.

12. Postemployment benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB Liability, deferred outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District OPEB Plan and additions to/deductions from District OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by District OPEB Plan. For this purpose, District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, special revenue - special education fund, debt service fund, capital projects - capital improvement trust fund, capital projects fund and special revenue - food service fund. A budget has not been formally adopted for special revenue - trust fund and special revenue - community service fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. LIMITATIONS ON THE DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase that is determined by the legislature.

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

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The District's deposits and investments at year-end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 38,467,592	\$ 38,952,596	Custodial Credit Risk
Stock	9,678	9,678	N/A
Mutual funds	127,293	127,293	N/A
LGIP	51,819	51,819	Credit Risk
Petty cash	1,200	-	N/A
 Total Deposits and Investments	 \$ 38,657,582	 \$ 39,141,386	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 34,083,076		
Per statement of net position - fiduciary funds			
Private Purpose Trust Fund	257,070		
Employee Benefit Trust Fund	4,317,436		
 Total Deposits and Investments	 \$ 38,657,582		

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

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.

As of June 30, 2020, \$37,391,977 of the District's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 28,563,034
Uninsured and collateral held by the pledging financial institution's trust department or agent not in the District's name	<u>8,828,943</u>
Total	<u><u>\$ 37,391,977</u></u>

Credit Risk

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

The District had investments in the external Wisconsin Local Government Investment Pool which is not rated.

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

>Market Approach - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Money-Weighted Rate of Return (cont.)

Investment Type	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 127,293	\$ -	\$ -	\$ 136,321
Stock	9,678	-	-	9,678
Total	<u>\$ 145,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,999</u>

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,329,333	\$ -	\$ -	\$ 1,329,333
Site improvements	<u>703,841</u>	<u>-</u>	<u>-</u>	<u>703,841</u>
Total Capital Assets Not Being Depreciated	<u>2,033,174</u>	<u>-</u>	<u>-</u>	<u>2,033,174</u>
Capital assets being depreciated				
Site improvements	5,898,420	802,299	-	6,700,719
Buildings and building improvements	191,646,075	532,951	-	192,179,026
Furniture and equipment	<u>26,726,896</u>	<u>273,556</u>	<u>1,438,637</u>	<u>25,561,815</u>
Total Capital Assets Being Depreciated	<u>224,271,391</u>	<u>1,608,806</u>	<u>1,438,637</u>	<u>224,441,560</u>
Total Capital Assets	<u>226,304,565</u>	<u>1,608,806</u>	<u>1,438,637</u>	<u>226,474,734</u>

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Site improvements	(2,783,944)	(287,203)	-	(3,071,147)
Buildings and building improvements	(70,032,858)	(4,712,358)	-	(74,745,216)
Furniture and equipment	(21,315,001)	(1,204,292)	1,400,648	(21,118,645)
Total Accumulated Depreciation	(94,131,803)	(6,203,853)	1,400,648	(98,935,008)
Net Capital Assets Being Depreciated	130,139,588	(4,595,047)	37,989	125,506,552
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$132,172,762	\$(4,595,047)	\$ 37,989	\$127,539,726

Depreciation expense was charged to functions as follows:

Instruction		
Regular instruction		\$ 215,859
Special Education		5,082
Other		9,687
Support Services		
Instructional support		193,644
Building and grounds		5,500,518
Food service		63,968
Other		215,095
Total Governmental Activities Depreciation Expense		\$ 6,203,853

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Special Revenue - Special Education Fund	General Fund	\$ 1,968,856
Capital Projects - Capital Improvement Trust Fund	General Fund	1,600,000
Total - Fund Financial Statements		\$ 3,568,856

All amounts are due within one year.

The principal purpose of these interfund receivables and payables is for operations.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Special Revenue - Special Education Fund	General Fund	\$ 12,462,827	Operating subsidy
Capital Projects - Capital Improvement Trust Fund	General Fund	1,600,000	Payments to capital projects
Debt Service Fund	Capital Projects Fund	<u>371</u>	Zero out fund
Total - Fund Financial Statements		<u>\$ 14,063,198</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, 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 above transfer to the special education fund uses unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable					
General obligation debt	\$ 57,325,000	\$ 10,075,000	\$ 20,660,000	\$ 46,740,000	\$ 6,355,000
(Discounts)/Premiums	2,564,920	-	477,623	2,087,297	-
Sub-totals	<u>59,889,920</u>	<u>10,075,000</u>	<u>21,137,623</u>	<u>48,827,297</u>	<u>6,355,000</u>
Other Liabilities					
Total supplemental pension liability	572,617	37,135	106,248	503,504	-
Net pension liability	16,315,470	-	16,315,470	-	-
Net opeb liability	22,820,055	1,400,729	-	24,220,784	-
Compensated absences	5,632,327	506,951	-	6,139,278	-
Capital leases	729,496	-	145,187	584,309	154,362
Total Other Liabilities	<u>46,069,965</u>	<u>1,944,815</u>	<u>16,566,905</u>	<u>31,447,875</u>	<u>154,362</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 105,959,885</u>	<u>\$ 12,019,815</u>	<u>\$ 37,704,528</u>	<u>\$ 80,275,172</u>	<u>\$ 6,509,362</u>

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed 10% of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2020, was \$504,510,467. Total general obligation debt outstanding at year end was \$46,740,000.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the District. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance June 30, 2020</u>
GO Refunding Bonds	09/15/2016	03/01/2028	1.50% - 4.00%	\$ 37,735,000	\$ 26,170,000
GO Promissory Note	07/13/2017	03/01/2027	2.00% - 3.00%	14,475,000	10,495,000
GO Refunding Bonds	8/12/2019	03/01/2030	1.70% - 2.25%	10,075,000	<u>10,075,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 46,740,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 6,355,000	\$ 1,342,974
2022	5,480,000	1,070,813
2023	5,690,000	950,253
2024	5,800,000	792,033
2025	5,970,000	718,383
2026-2030	<u>17,445,000</u>	<u>886,753</u>
Totals	<u>\$ 46,740,000</u>	<u>\$ 5,761,209</u>

Capital Leases

Refer to Note III. G.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences, pensions and other postemployment benefits obligation are not included in the debt service requirement schedules. The compensated absences, pensions and other postemployment benefits obligation attributable to governmental activities will be liquidated primarily by the general fund.

Current Refunding

On September 5, 2019, the District issued \$10,075,000 in general obligation bonds with an average coupon rate of 2.04% to refund \$9,965,000 of outstanding bonds with an average coupon rate of 3.50%. The net proceeds along with existing funds of the District were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$12,898,017 from 2020 through 2030. The cash flow requirements on the 2019 refunding bonds are \$11,211,157 from 2020 through 2030. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,369,073.

G. LEASE DISCLOSURES

Lessee - Capital Leases

The district acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$929,826, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of June 30, 2020, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 154,362	\$ 31,603	\$ 185,965
2022	164,118	21,847	185,965
2023	174,491	11,474	185,965
2024	91,338	1,644	92,982
Totals	\$ 584,309	\$ 66,568	\$ 650,877

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES

Net position reported on the district-wide statement of net position at June 30, 2020, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 1,329,333
Site improvements not being depreciated	703,841
Other capital assets, net of accumulated depreciation	125,506,552
Less: Long-term debt outstanding	(46,740,000)
Plus: Noncapital debt proceeds	10,075,000
Less: Unamortized debt premium/discount	(2,087,297)
Plus: Deferred charge on refunding	<u>1,116,490</u>
Total Net Investment in Capital Assets	<u><u>\$ 89,903,919</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at June 30, 2020, include the following:

	General Fund	Debt Service Fund	Special Revenue - Food Service Fund	Capital Projects - Capital Improvement Trust	Nonmajor Governmental Funds	Totals
Fund Balances						
Nonspendable:						
Prepaid items	\$ 563,851	\$ -	\$ 823	\$ -	\$ -	\$ 564,674
Inventories	1,888,969	-	-	-	-	1,888,969
Restricted for:						
Capital projects	-	-	-	6,285,452	-	6,285,452
Debt service	-	1,399,095	-	-	-	1,399,095
Food service	-	-	1,485,385	-	-	1,485,385
Trust purposes	-	-	-	-	691,832	691,832
Community service	-	-	-	-	96,062	96,062
Rock University High School	-	-	-	-	1,430	1,430
Assigned to:						
Building	161,276	-	-	-	-	161,276
Other	66,200	-	-	-	-	66,200
Unassigned (deficit):	<u>20,812,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,520)</u>	<u>20,736,927</u>
Total Fund Balances (Deficit)	<u><u>\$ 23,492,743</u></u>	<u><u>\$ 1,399,095</u></u>	<u><u>\$ 1,486,208</u></u>	<u><u>\$ 6,285,452</u></u>	<u><u>\$ 713,804</u></u>	<u><u>\$ 33,377,302</u></u>

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$4,601,910 in contributions from the District.

Contribution rates for the plan year reported as of June 30, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.55%	6.55%

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

At June 30, 2020, the District reported a Asset of \$14,573,008 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2019, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension Asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.45195239%, which was a decrease of 0.00664236% from its proportion measured as of December 31, 2018.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

For the year ended June 30, 2020, the District recognized pension expense of \$4,830,446.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,662,901	\$ 13,843,430
Net differences between projected and actual earnings on pension plan investments	1,135,624	-
Changes in assumptions	-	29,792,410
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,292	139,159
Employer contributions subsequent to the measurement date	2,399,794	-
Total	\$ 31,226,611	\$ 43,774,999

\$2,399,794 reported as Deferred Outflows of Resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an addition of 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 Pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2021	\$ (4,421,186)
2022	(3,327,018)
2023	479,557
2024	(7,679,535)

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	<u>\$37,528,100</u>	<u>\$(14,573,008)</u>	<u>\$(53,524,579)</u>

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

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expenses when the related liabilities are incurred.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

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 believes such disallowances, if any, would be immaterial.

The District has active construction projects as of June 30, 2020. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The District has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

General Fund	\$	2,115,124
Special Revenue - Special Education Fund	\$	21,609
Special Revenue - Food Service Fund	\$	9,401

D. OTHER POSTEMPLOYMENT BENEFITS

The District provides postemployment health insurance benefits for all eligible employees. Eligibility is based on certain age and service requirements. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the District. Funding for those costs is provided out of the current operating budget of the District. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. The number of participants currently eligible to receive benefits is 1,950.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The District's defined benefit OPEB plan, District OPEB Plan, provides OPEB for all permanent full-time general and public safety employees of the District. The District OPEB Plan is a single-employer defined benefit OPEB plan administered by the . Chapter 21 of the District Code grants the authority to establish and amend the benefit terms to the Board of Trustees (Board). issues a publicly available financial report that can be obtained at internet address.

Benefits provided. District OPEB Plan provides medical insurance and life insurance to those employees who elect early retirement. Early retirement may be elected by eligible employees who have attained certain age and service requirements. Administrative staff who qualify for early retiree benefits are entitled to a maximum of 36 months of paid health insurance premiums exclusive of sick days conversion, or until age 65, whichever occurs first. All staff who qualify for early retiree benefits are entitled to a maximum of 36 months of paid health insurance premiums, or until age 65, whichever occurs first.

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments		140
Inactive plan members entitled to but not yet receiving benefit payments		628
Active plan members		<u>1,182</u>
		<u><u>1,950</u></u>

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Contributions. 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. During the year ended June 30, 2020, the plan recognized \$3,075,000 in contributions from the employer.

NET OPEB LIABILITY

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%
Investment rate of return	3.75%
Healthcare cost trend rates	7.5% decreasing by 0.05% per year down to 6.50%, then by 0.10% per year down to 5.0% and level thereafter

Mortality rates were based on the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%).

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period 2012 - 2014.

The long-term expected rate of return on OPEB plan investments was determined by using the discount rate which is based upon the 20-year AA municipal bond rate. The District's assets are solely held in deposit accounts earning minimal interest.

Discount rate. The discount rate used to measure the total OPEB liability was 3.5 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position will not be available to make all projected future benefit payments of current plan members. Therefore, a blended rate was used based on the long-term expected rate of return on OPEB plan investments and/or Bond Buyer 20-Bond Go Index was used to determine the total OPEB liability.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2019	\$ 27,587,495	\$ 4,767,440	\$ 22,820,055
Changes for the year:			
Service cost	1,079,142	-	1,079,142
Interest	1,020,369	-	1,020,369
Changes in assumptions	600,970	-	600,970
Contributions-employee	-	1,183,147	(1,183,147)
Net investment income	-	116,605	(116,605)
Benefit payments	(1,834,467)	(1,834,467)	-
Net changes	<u>866,014</u>	<u>(534,715)</u>	<u>1,400,729</u>
Balances at June 30, 2020	<u>\$ 28,453,509</u>	<u>\$ 4,232,725</u>	<u>\$ 24,220,784</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Net OPEB liability (asset)	<u>\$ 26,899,562</u>	<u>\$ 24,220,784</u>	<u>\$ 21,954,386</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Net OPEB liability (asset)	<u>\$ 22,513,623</u>	<u>\$ 24,220,784</u>	<u>\$ 26,162,084</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,546,582. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 132,897	\$ 900,992
Changes of assumptions or other inputs	525,849	2,021,482
Net differences between project and actual investment earnings on pension plan investment	132,897	
Contributions subsequent to the measurement date	<u>3,075,000</u>	<u>-</u>
Total	<u>\$ 3,733,746</u>	<u>\$ 2,922,474</u>

\$3,075,000 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as an addition to the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources</u>
2021	\$ (426,331)
2022	(426,332)
2023	(442,303)
2024	(462,626)
2025	(290,631)
Thereafter	(215,505)

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Plan Description

The District reports a single-employer defined benefit pension plan ("the stipend plan"). The plan is administered by the District and provides eligible Administrators hired by the District prior to March 1, 2006 with a cash benefit in the form of a stipend following their retirement. The annual amount and duration of this stipend is determined by individual years of service with the District.

At June 30, 2020, the District plan's membership consisted of:

Retirees and beneficiaries	3
Inactive, non-retired members	<u>3</u>
Total	<u><u>6</u></u>

The District paid \$106,248 for pension benefits as they came due during the reporting period. The District is funding these benefits on a pay-as-you-go basis.

Changes in total pension liability. The District's change in total pension liability for the fiscal year ended June 30, 2020 was as follows:

	Total Pension Liability
Beginning of Year Balance	\$ (572,617)
Service cost	(12,950)
Interest on total pension liability	(19,724)
Changes of assumptions or other input	(4,461)
Benefit payments	<u>(106,248)</u>
End of Year Balance	<u><u>\$ 503,504</u></u>

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (cont.)

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

Measurement Date:	June 30, 2019
Actuarial Valuation Date:	June 30, 2018
Inflation:	2.50%
Salary Changes:	5.8% down to 0.2% in 30 years; includes merit increases plus inflation
Discount Rate:	3.50%
Source of Discount Rate:	Based upon all years of project payments discounted at a municipal bond rate of 3.50%
Source of Mortality Assumptions:	Wisconsin 2012 Mortality table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)
Dates of Experience Studies	Experience study conducted in 2015 using WRS experience from 2012-2014

Sensitivity of the total pension liability to changes in the discount rate. The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the current discount rate of 3.5% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	<u>\$521,670</u>	<u>\$503,504</u>	<u>\$485,876</u>
		Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	72,095	\$ -
Changes in assumptions		3,569	8,188
Employer contributions subsequent to the measurement date		113,748	-
Total	\$	189,412	\$ 8,188

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (cont.)

\$113,748 reported as deferred outflows of resources related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as an addition of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ 22,659
2022	22,659
2023	22,658
2024	(500)
2025	(1,393)

Pension expense and deferred outflows of resources related to pensions. For the year ended June 30, 2020, the District recognized pension expense of \$55,333.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > *Statement No. 87, Leases*
- > *Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*
- > *Statement No. 91, Conduit Debt Obligations*
- > *Statement No. 92, Omnibus*
- > *Statement No. 93, Replacement of Interbank Offered Rates*
- > *Statement No. 94, Public-Private and Public-Private Partnerships and Availability Payment Arrangements*
- > *Statement No. 96, Subscription-Based Information Technology Arrangements*
- > *Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a superession of GASB Statement No. 32.*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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

SCHOOL DISTRICT OF JANESVILLE

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget
REVENUES				
Local	\$ 29,840,734	\$ 29,770,141	\$ 29,360,414	\$ (409,727)
Interdistrict	4,338,500	4,575,262	4,579,209	3,947
Intradistrict	304,500	209,091	209,091	-
Intermediate	74,154	74,154	63,846	(10,308)
State	74,489,376	74,507,509	74,628,915	121,406
Federal	4,507,994	4,995,566	4,210,221	(785,345)
Other Revenue	351,424	414,164	413,290	(874)
Total Revenues	<u>113,906,682</u>	<u>114,545,887</u>	<u>113,464,986</u>	<u>(1,080,901)</u>
EXPENDITURES				
Instruction				
Regular	42,542,125	43,012,223	42,502,286	509,937
Special education	5,442,471	5,316,718	5,244,350	72,368
Vocational	3,709,229	3,764,567	3,740,678	23,889
Other	4,489,690	4,471,953	4,589,522	(117,569)
Total Instruction	<u>56,183,515</u>	<u>56,565,461</u>	<u>56,076,836</u>	<u>488,625</u>
Support Services				
Pupil services	4,214,219	4,250,686	4,123,352	127,334
Instructional support services	7,170,439	7,525,464	6,945,963	579,501
Administration	7,953,190	8,168,982	7,957,575	211,407
Buildings and grounds	12,842,934	12,209,198	12,026,923	182,275
Pupil transportation	1,409,591	997,404	882,607	114,797
Other support services	6,749,444	6,045,380	6,033,432	11,948
Debt service				
Principal	149,220	145,185	145,185	-
Interest and fees	40,790	40,780	40,780	-
Total Support Services	<u>40,529,827</u>	<u>39,383,079</u>	<u>38,155,817</u>	<u>1,227,262</u>
Non Program	4,834,830	4,783,264	4,756,686	26,578
Total Expenditures	<u>101,548,172</u>	<u>100,731,804</u>	<u>98,989,339</u>	<u>1,742,465</u>
Excess (deficiency) of revenues over expenditures	12,358,510	13,814,083	14,475,647	661,564
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	27,000	27,000
Transfers out	(12,430,734)	(13,886,045)	(14,062,827)	(176,782)
Net Change in Fund Balances	<u>\$ (72,224)</u>	<u>\$ (71,962)</u>	<u>439,820</u>	<u>\$ 511,782</u>
FUND BALANCES - BEGINNING OF YEAR			<u>23,052,923</u>	
FUND BALANCES - END OF YEAR			<u>\$ 23,492,743</u>	

See independent auditors' report and accompanying notes
to required supplementary information.

SCHOOL DISTRICT OF JANESVILLE

BUDGETARY COMPARISON SCHEDULE SPECIAL EDUCATION FUND - SPECIAL REVENUE FUND For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State	\$ 4,447,410	\$ 4,442,815	\$ 4,370,565	\$ (72,250)
Federal	3,306,033	3,308,609	2,961,183	(347,426)
Other	-	-	100	100
Total Revenues	<u>7,753,443</u>	<u>7,751,424</u>	<u>7,331,848</u>	<u>(419,576)</u>
EXPENDITURES				
Instruction				
Special education	<u>15,101,137</u>	<u>15,173,038</u>	<u>15,048,398</u>	<u>124,640</u>
Support Services				
Instructional support services	843,124	865,623	824,408	41,215
Pupil Services	2,542,474	2,477,563	2,455,286	22,277
Buildings and grounds	675	1,117	1,093	24
Pupil transportation	1,299,427	1,084,044	1,041,973	42,071
Other support services	6,785	6,785	6,853	(68)
Administration	45,231	47,974	47,974	
Debt service				
Principal	-	-	-	-
Total Support Services	<u>4,737,716</u>	<u>4,483,106</u>	<u>4,377,587</u>	<u>105,519</u>
Non Program	<u>345,324</u>	<u>381,325</u>	<u>368,690</u>	<u>12,635</u>
Total Expenditures	<u>20,184,177</u>	<u>20,037,469</u>	<u>19,794,675</u>	<u>242,794</u>
Excess (deficiency) of revenues over expenditures	(12,430,734)	(12,286,045)	(12,462,827)	(176,782)
OTHER FINANCING SOURCES				
Transfers in	<u>12,430,734</u>	<u>12,286,045</u>	<u>12,462,827</u>	<u>176,782</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES - BEGINNING OF YEAR			-	
FUND BALANCES - END OF YEAR			<u>\$ -</u>	

See independent auditors' report and accompanying notes
to required supplementary information.

SCHOOL DISTRICT OF JANESVILLE

BUDGETARY COMPARISON SCHEDULE FOOD SERVICE FUND - SPECIAL REVENUE FUND For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local	\$ 1,168,200	\$ 1,168,200	\$ 838,133	\$ (330,067)
State	115,000	178,000	110,497	(67,503)
Federal	4,121,250	4,121,250	4,179,455	58,205
Other	50	50	13,330	13,280
Total Revenues	5,404,500	5,467,500	5,141,415	(326,085)
EXPENDITURES				
Support Services				
Building and grounds	22,298	22,298	22,998	(700)
Instructional support	-	-	1,162	(1,162)
Food service	5,536,480	5,536,291	5,218,342	317,949
Other support services	3,500	3,500	-	3,500
Total Support Services	5,562,278	5,562,089	5,242,502	319,587
Total Expenditures	5,562,278	5,562,089	5,242,502	319,587
Excess (deficiency) of revenues over expenditures	(157,778)	(94,589)	(101,087)	(6,498)
Net Change in Fund Balances	\$ (157,778)	\$ (94,589)	(101,087)	\$ (6,498)
FUND BALANCES - BEGINNING OF YEAR			1,587,295	
FUND BALANCES - END OF YEAR			\$ 1,486,208	

See independent auditors' report and accompanying notes
to required supplementary information.

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY For the Year Ended June 30, 2020

	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 1,586,736	\$ 1,586,736	\$ 1,465,165	\$ 1,079,142
Interest	932,396	949,280	1,083,611	1,020,369
Changes of benefit terms	-	-	(1,286,790)	-
Differences between expected and actual experience	-	-	(1,201,324)	-
Changes of assumptions	-	(1,273,941)	(1,724,689)	600,970
Benefit payments	(2,097,761)	(1,814,898)	(1,952,399)	(1,834,467)
Net Change in Total OPEB Liability	421,371	(552,823)	(3,616,426)	866,014
Total OPEB Liability - Beginning	31,335,373	31,756,744	31,203,921	27,587,495
Total OPEB Liability - Ending (a)	<u>\$ 31,756,744</u>	<u>\$ 31,203,921</u>	<u>\$ 27,587,495</u>	<u>\$ 28,453,509</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,200,000	\$ 2,483,750	\$ 2,592,468	\$ 1,183,147
Net investment income	8,750	31,431	52,185	116,605
Benefit payments	(2,097,761)	(1,814,898)	(1,952,399)	(1,834,467)
Net Change in Plan Fiduciary Net Position	(889,011)	700,283	692,254	(534,715)
Plan Fiduciary Net Position - Beginning	4,263,914	3,374,903	4,075,186	4,767,440
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,374,903</u>	<u>\$ 4,075,186</u>	<u>\$ 4,767,440</u>	<u>\$ 4,232,725</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 28,381,841</u>	<u>\$ 27,128,735</u>	<u>\$ 22,820,055</u>	<u>\$ 24,220,784</u>
Plan fiduciary net position as a percentage of the total OPEB liability	10.63%	13.06%	17.28%	14.88%

Notes to Schedule:

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

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF EMPLOYER CONTRIBUTIONS-OPEB
For the Year Ended June 30, 2020

	2017	2018	2019	2020
Actuarially contractual determined contribution	\$ 1,886,832	\$ 2,608,781	\$ 2,687,044	\$ 1,994,625
Contributions in relation to the actuarially determined contribution	1,200,000	2,483,750	2,592,468	1,183,147
Contribution deficiency (excess)	<u>\$ 686,832</u>	<u>\$ 125,031</u>	<u>\$ 94,576</u>	<u>\$ 811,478</u>

Notes to Schedule

Valuation date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.5%
Healthcare cost trend rates	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0% and level thereafter
Investment rate of return	3.75%
Retirement age	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14
Mortality	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)

Other information:

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

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
For the Year Ended June 30, 2020

Fiscal Year Ending	Beginning Balance	Service Cost	Interest on Total Pension Liability	Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Ending Balance
6/30/17	\$ 603,865	\$ 25,768	\$ 16,696	\$ -	\$ -	\$ (120,455)	\$ 525,874
6/30/18	525,874	25,768	15,632	-	(9,733)	(35,368)	522,173
6/30/19	522,173	24,070	16,838	120,159	(4,375)	(106,248)	572,617
6/30/20	572,617	12,950	19,724	-	4,461	(106,248)	503,504

SCHEDULE OF COVERED PAYROLL
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
For the Year Ended June 30, 2020

Fiscal Year Ending	Total Pension Liability	Covered Payroll	Total Pension Liability as a Percentage of Covered Payroll
6/30/17	\$ 525,874	\$ 752,709	69.86%
6/30/18	522,173	752,709	69.37%
6/30/19	572,617	379,672	150.82%
6/30/20	503,504	379,672	132.62%

See independent auditors' report
and accompanying notes to required supplementary information.

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended June 30, 2020

Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2014	0.46092746%	\$ (11,321,639)	\$ 63,306,487	-17.88%	102.74%
12/31/2015	0.45593821%	7,408,907	63,910,873	11.59%	98.20%
12/31/2016	0.45350278%	3,737,946	66,266,305	5.64%	99.12%
12/31/2017	0.45761507%	(13,587,134)	68,953,086	-19.70%	102.93%
12/31/2018	0.45859775%	16,315,470	69,672,934	23.42%	96.45%
12/31/2019	0.45195239%	(14,573,008)	70,257,874	20.74%	102.96%

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 4,431,867	\$ 4,431,867	\$ -	\$ 63,306,487	7.00%
6/30/2016	4,345,939	4,345,939	-	63,910,873	6.80%
6/30/2017	4,373,329	4,373,329	-	66,266,305	6.60%
6/30/2018	4,688,809	4,688,809	-	68,953,086	6.80%
6/30/2019	4,039,126	4,039,126	-	69,683,772	5.80%
6/30/2020	4,133,454	4,133,454	-	70,683,995	5.85%

See independent auditors' report and accompanying notes
to required supplementary information.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended June 30, 2020

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting. Budgets are adopted for all governmental funds

Budgets are adopted at the two digit sub-function level in the general fund and at the function level for all other funds. Appropriations lapse at year end unless specifically carried over.

SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN

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

Accumulation of assets. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in Defined Benefit Pension Plan.

Changes of assumptions. The discount rate was changed for the year ended June 30, 2020 to be reflective of a 20-year AA municipal bond rate (3.5%).

WISCONSIN RETIREMENT SYSTEM PENSION

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

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

Changes of benefit terms. There were no changes of benefit terms for any participating employer in Wisconsin Retirement System.

Changes of assumptions. Actuarial assumptions are based upon 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, post-retirement adjustment, wage inflation rate, mortality and separation rates.

SCHOOL DISTRICT OF JANESVILLE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2020

	Special Revenue Funds				Capital Projects Funds	
	Special Revenue Trust Fund	Community Service Fund	Rock University High School	Cooperative Fund	Capital Projects Fund	Total Nonmajor Funds
ASSETS						
Cash and investments	\$ 696,569	\$ 96,062	\$ -	\$ 15,760	\$ -	\$ 808,391
Due from other governments	-	-	39,863	-	-	39,863
TOTAL ASSETS	<u>\$ 696,569</u>	<u>\$ 96,062</u>	<u>\$ 39,863</u>	<u>\$ 15,760</u>	<u>\$ -</u>	<u>\$ 848,254</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities						
Accounts payable	\$ 4,737	\$ -	\$ 7,212	\$ -	\$ -	\$ 11,949
Accrued salaries and wages	-	-	64,078	-	-	64,078
Payroll taxes and withholdings	-	-	1,960	-	-	1,960
Due to other governments	-	-	40,703	15,760	-	56,463
Total Liabilities	<u>4,737</u>	<u>-</u>	<u>113,953</u>	<u>15,760</u>	<u>-</u>	<u>134,450</u>
Fund Balances (Deficit)						
Restricted	691,832	96,062	1,430	-	-	789,324
Unassigned (deficit)	-	-	(75,520)	-	-	(75,520)
Total Fund Balance (Deficit)	<u>691,832</u>	<u>96,062</u>	<u>(74,090)</u>	<u>-</u>	<u>-</u>	<u>713,804</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 696,569</u>	<u>\$ 96,062</u>	<u>\$ 39,863</u>	<u>\$ 15,760</u>	<u>\$ -</u>	<u>\$ 848,254</u>

SCHOOL DISTRICT OF JANESVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Funds
	Special Revenue Trust Fund	Community Service Fund	Rock University High School	Cooperative Fund	Capital Projects Fund	
REVENUES						
Local	\$ 799,613	\$ 197,930	\$ 469,106	\$ -	\$ -	\$ 1,466,649
Interdistrict	-	-	4,937	-	-	4,937
Federal	-	-	144,243	-	-	144,243
Total Revenues	<u>799,613</u>	<u>197,930</u>	<u>618,286</u>	<u>-</u>	<u>-</u>	<u>1,615,829</u>
EXPENDITURES						
Instruction						
Regular	98,434	-	298,208	-	-	396,642
Special education	10,811	-	64,001	-	-	74,812
Vocational	16,845	-	-	-	-	16,845
Other	287,950	-	2,236	-	-	290,186
Total instruction	<u>414,040</u>	<u>-</u>	<u>364,445</u>	<u>-</u>	<u>-</u>	<u>778,485</u>
Support Services						
Instructional support services	24,731	-	87,739	-	-	112,470
Pupil services	41,013	-	35,554	-	-	76,567
Administrative	187	-	202,507	-	-	202,694
Buildings and grounds	-	-	619	-	-	619
Pupil transportation	68	-	749	-	-	817
Other support services	9,625	-	763	-	-	10,388
Total Support Services	<u>75,624</u>	<u>-</u>	<u>327,931</u>	<u>-</u>	<u>-</u>	<u>403,555</u>
Community Service	-	118,946	-	-	-	118,946
Total Expenditures	<u>489,664</u>	<u>118,946</u>	<u>692,376</u>	<u>-</u>	<u>-</u>	<u>1,300,986</u>
Excess (deficiency) of revenues over expenditures	<u>309,949</u>	<u>78,984</u>	<u>(74,090)</u>	<u>-</u>	<u>-</u>	<u>314,843</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(371)	(371)
Net Change in Fund Balances	309,949	78,984	(74,090)	-	(371)	314,472
FUND BALANCES - BEGINNING OF YEAR	<u>381,883</u>	<u>17,078</u>	<u>-</u>	<u>-</u>	<u>371</u>	<u>399,332</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 691,832</u>	<u>\$ 96,062</u>	<u>\$ (74,090)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,804</u>