

School District of Janesville

Financial Statements and
Supplementary Information

June 30, 2021

School District of Janesville

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Education of
School District of Janesville

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, 2021 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.

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, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

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, which includes the schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Guidelines* 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 as listed in the table of contents, which includes the schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Guidelines* is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 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

Milwaukee, Wisconsin
December 15, 2021

BASIC FINANCIAL STATEMENTS

School District of Janesville

Statement of Net Position

June 30, 2021

Assets

Current Assets

| | |
|----------------------------|---------------|
| Cash and investments | \$ 60,829,380 |
| Taxes receivable | 10,881,569 |
| Accounts receivable | 79,549 |
| Due from other governments | 6,452,062 |
| Prepaid items | 778,238 |
| Inventory | <u>3,171</u> |

Total current assets 79,023,969

Noncurrent Assets

| | |
|---|----------------------|
| Restricted assets: | |
| Net pension asset | 27,323,077 |
| Capital assets: | |
| Land | 1,341,533 |
| Site improvements not being depreciated | 703,841 |
| Construction in progress | 896,946 |
| Capital assets being depreciated | 228,412,916 |
| Less accumulated depreciation | <u>(105,458,454)</u> |

Net capital assets 125,896,782

Total assets 232,243,828

Deferred Outflows of Resources

| | |
|---------------------------------------|------------------|
| Deferred charge on refunding | 820,280 |
| Deferred outflows related to pensions | 43,418,404 |
| Deferred outflows related to OPEB | <u>5,183,619</u> |

Total deferred outflows of resources 49,422,303

School District of Janesville

Statement of Net Position

June 30, 2021

Liabilities

Current Liabilities

| | |
|--|-------------------|
| Accounts payable and accrued expenses | \$ 15,722,688 |
| Due to other governments | 2,662,093 |
| Current portion of long-term obligations | 11,728,718 |
| Accrued interest payable | <u>725,315</u> |
| Total current liabilities | <u>30,838,814</u> |

Noncurrent Liabilities

| | |
|---|--------------------|
| Noncurrent portion of long-term obligations | <u>81,598,685</u> |
| Total liabilities | <u>112,437,499</u> |

Deferred Inflows of Resources

| | |
|--------------------------------------|-------------------|
| Deferred inflows related to pensions | 60,073,778 |
| Deferred inflows related to OPEB | <u>3,455,066</u> |
| Total deferred inflows of resources | <u>63,528,844</u> |

Net Position

| | |
|--|-----------------------|
| Net investment in capital assets | 96,932,675 |
| Restricted for: | |
| Debt service | 1,393,441 |
| Community service | 144,190 |
| Capital improvement trust | 9,790,673 |
| Food service | 1,664,254 |
| Pension | 27,323,077 |
| Rock University High School Charter School | 1,315 |
| Trusts (donations) | 677,599 |
| Unrestricted (deficit) | <u>(32,227,436)</u> |
| Total net position | <u>\$ 105,699,788</u> |

School District of Janesville

Statement of Activities
Year Ended June 30, 2021

| 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 | \$ 48,543,440 | \$ 1,034,412 | \$ 7,256,942 | \$ - | \$ (40,252,086) |
| Vocational | 3,329,928 | - | 265,856 | - | (3,064,072) |
| Special education | 19,024,990 | - | 6,979,159 | - | (12,045,831) |
| Other | 4,130,852 | 18,503 | - | - | (4,112,349) |
| Total instruction | <u>75,029,210</u> | <u>1,052,915</u> | <u>14,501,957</u> | <u>-</u> | <u>(59,474,338)</u> |
| Support Services | | | | | |
| Pupil services | 6,294,436 | - | 7,452,292 | - | 1,157,856 |
| Instructional support services | 7,093,525 | - | 1,784,708 | - | (5,308,817) |
| Administration | 7,813,395 | - | 107,119 | - | (7,706,276) |
| Buildings and grounds | 12,436,204 | - | 641,950 | 21,568 | (11,772,686) |
| Pupil transportation | 1,961,295 | - | 182,000 | - | (1,779,295) |
| Other support services | 5,623,674 | - | 82,318 | - | (5,541,356) |
| Food service | 4,919,505 | 163,988 | 5,283,265 | - | 527,748 |
| Interest and fees | 3,162,383 | - | - | - | (3,162,383) |
| Community service | 95,368 | - | - | - | (95,368) |
| Total support services | <u>49,399,785</u> | <u>163,988</u> | <u>15,533,652</u> | <u>21,568</u> | <u>(33,680,577)</u> |
| | <u>\$ 124,428,995</u> | <u>\$ 1,216,903</u> | <u>\$ 30,035,609</u> | <u>\$ 21,568</u> | <u>(93,154,915)</u> |
| General Revenues | | | | | |
| Taxes: | | | | | |
| Property taxes: | | | | | |
| General purposes | | | | | 30,036,923 |
| Debt service | | | | | 12,464,906 |
| Other taxes | | | | | 50,000 |
| State and federal aids not restricted to specific functions: | | | | | |
| General | | | | | 70,136,421 |
| Other | | | | | 243,599 |
| Investment income | | | | | 12,013 |
| Miscellaneous | | | | | 1,346,505 |
| Total general revenues | | | | | <u>114,290,367</u> |
| Change in net position | | | | | 21,135,452 |
| Net Position, Beginning | | | | | <u>84,564,336</u> |
| Net Position, Ending | | | | | <u>\$ 105,699,788</u> |

See notes to the financial statements

School District of Janesville

Balance Sheet
June 30, 2021

| | General Fund | Special Revenue Special Education Fund | Debt Service Fund | Special Revenue Food Service Fund | Capital Improvement Trust | Capital Projects Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---|---------------------|--------------------------------------|---------------------------|---|-----------------------------|--------------------------|
| Assets | | | | | | | | |
| Cash and investments | \$ 27,730,642 | \$ - | \$ 2,118,756 | \$ 1,585,533 | \$ 6,290,673 | \$ 22,224,326 | \$ 879,450 | \$ 60,829,380 |
| Taxes receivable | 10,881,569 | - | - | - | - | - | - | 10,881,569 |
| Accounts receivable | 79,284 | 67 | - | 198 | - | - | - | 79,549 |
| Due from other governments | 4,366,597 | 1,700,701 | - | 320,902 | - | - | 63,862 | 6,452,062 |
| Prepaid items | 759,057 | 9,155 | - | 10,026 | - | - | - | 778,238 |
| Due from other funds | - | 1,730,950 | - | - | 3,500,000 | - | - | 5,230,950 |
| Inventory | 3,171 | - | - | - | - | - | - | 3,171 |
| Total assets | \$ 43,820,320 | \$ 3,440,873 | \$ 2,118,756 | \$ 1,916,659 | \$ 9,790,673 | \$ 22,224,326 | \$ 943,312 | \$ 84,254,919 |
| Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 1,880,247 | \$ 4,399 | \$ - | \$ 52,267 | \$ - | \$ 94,763 | \$ 22,120 | \$ 2,053,796 |
| Accrued salaries and wages | 7,733,546 | 2,045,022 | - | 72,379 | - | - | 55,438 | 9,906,385 |
| Payroll taxes and withholdings | 2,978,268 | 748,901 | - | 16,286 | - | - | 19,052 | 3,762,507 |
| Due to other funds | 5,230,950 | - | - | - | - | - | - | 5,230,950 |
| Due to other governments | 1,792,524 | 642,551 | - | 26,779 | - | - | 200,239 | 2,662,093 |
| Total liabilities | 19,615,535 | 3,440,873 | - | 167,711 | - | 94,763 | 296,849 | 23,615,731 |
| Deferred Inflows of Resources | | | | | | | | |
| Unearned revenue, student fees | 1,541 | - | - | 84,694 | - | - | - | 86,235 |
| Total deferred inflows or resources | 1,541 | - | - | 84,694 | - | - | - | 86,235 |
| Fund Balances (Deficit) | | | | | | | | |
| Nonspendable | 762,228 | - | - | 10,026 | - | - | - | 772,254 |
| Restricted | - | - | 2,118,756 | 1,654,228 | 9,790,673 | 22,129,563 | 823,104 | 36,516,324 |
| Unassigned (deficit) | 23,441,016 | - | - | - | - | - | (176,641) | 23,264,375 |
| Total fund balances (deficit) | 24,203,244 | - | 2,118,756 | 1,664,254 | 9,790,673 | 22,129,563 | 646,463 | 60,552,953 |
| Total liabilities and fund balances (deficit) | \$ 43,820,320 | \$ 3,440,873 | \$ 2,118,756 | \$ 1,916,659 | \$ 9,790,673 | \$ 22,224,326 | \$ 943,312 | |

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. | 125,896,782 |
| 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 | 86,235 |
| Net pension asset does not relate to current financial resources and is not reported in the governmental funds. | 27,323,077 |
| Deferred outflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds. | 48,602,023 |
| Deferred inflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds. | (63,528,844) |
| 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. | (93,327,403) |
| Deferred charge on refunding do not relate to current financial resources and are not reported in the governmental funds. | 820,280 |
| Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds. | (725,315) |
| Net Position of Governmental Activities | \$ 105,699,788 |

See notes to the financial statements

School District of Janesville

 Statement of Revenues, Expenditures and changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2021

| | Special Revenue | | | Special Revenue | | Capital Projects | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------|---------------------|---------------------|---------------------------|-----------------------|-------------------|-----------------------------|--------------------------|
| | General Fund | Special Education Fund | Debt Service Fund | Food Service Fund | Capital Improvement Trust | Capital Projects Fund | | | |
| Revenues | | | | | | | | | |
| Local | \$ 30,545,172 | \$ - | \$ 12,465,263 | \$ 165,111 | \$ 1,239 | \$ 860 | \$ 850,220 | \$ 44,027,865 | |
| Interdistrict | 4,517,278 | - | - | - | - | - | 2,649 | 4,519,927 | |
| Intermediate | 13,900 | - | - | - | - | - | - | 13,900 | |
| State | 74,238,172 | 4,969,280 | - | 96,407 | - | - | - | 79,303,859 | |
| Federal | 7,337,993 | 3,769,837 | - | 5,186,857 | - | - | 129,903 | 16,424,590 | |
| Other | 312,885 | - | 65,684 | 25,569 | 3,982 | - | 7,321 | 415,441 | |
| Total revenues | 116,965,400 | 8,739,117 | 12,530,947 | 5,473,944 | 5,221 | 860 | 990,093 | 144,705,582 | |
| Expenditures | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Regular | 45,543,610 | - | - | - | - | - | 420,000 | 45,963,610 | |
| Special education | 6,456,498 | 15,345,595 | - | - | - | - | 27,590 | 21,829,683 | |
| Vocational | 3,661,189 | - | - | - | - | - | 2,240 | 3,663,429 | |
| Other | 4,237,648 | - | - | - | - | - | 198,489 | 4,436,137 | |
| Total instruction | 59,898,945 | 15,345,595 | - | - | - | - | 648,319 | 75,892,859 | |
| Support services: | | | | | | | | | |
| Instructional support services | 6,662,001 | 787,841 | - | - | - | - | 34,133 | 7,483,975 | |
| Pupil services | 4,471,379 | 2,639,338 | - | - | - | - | 66,282 | 7,176,999 | |
| Administration | 8,334,674 | 36,295 | - | - | - | - | 203,809 | 8,574,778 | |
| Buildings and grounds | 11,869,737 | 525 | - | 214,075 | - | 371,297 | 3,496 | 12,459,130 | |
| Pupil transportation | 807,638 | 1,155,638 | - | - | - | - | 225 | 1,963,501 | |
| Other support services | 5,422,375 | 8,195 | - | 42,923 | - | - | 5,802 | 5,479,295 | |
| Debt service: | | | | | | | | | |
| Principal | 898,113 | - | 10,875,000 | - | - | - | - | 11,773,113 | |
| Interest and fees | 36,465 | - | 1,867,790 | - | - | - | - | 1,904,255 | |
| Food service | - | - | - | 5,038,900 | - | - | - | 5,038,900 | |
| Total support services | 38,502,382 | 4,627,832 | 12,742,790 | 5,295,898 | - | 371,297 | 313,747 | 61,853,946 | |
| Community service | - | - | - | - | - | - | 95,368 | 95,368 | |
| Nonprogram | 5,833,366 | 119,417 | - | - | - | - | - | 5,952,783 | |
| Total expenditures | 104,234,693 | 20,092,844 | 12,742,790 | 5,295,898 | - | 371,297 | 1,057,434 | 143,794,956 | |
| Excess (deficiency) of revenues over expenditures | 12,730,707 | (11,353,727) | (211,843) | 178,046 | 5,221 | (370,437) | (67,341) | 910,626 | |
| Other Financing Sources (Uses) | | | | | | | | | |
| Debt issued | - | - | - | - | - | 22,500,000 | - | 22,500,000 | |
| Premium on debt issued | - | - | 931,504 | - | - | - | - | 931,504 | |
| Capital leases | 2,833,521 | - | - | - | - | - | - | 2,833,521 | |
| Transfers in | - | 11,353,727 | - | - | 3,500,000 | - | - | 14,853,727 | |
| Transfers out | (14,853,727) | - | - | - | - | - | - | (14,853,727) | |
| Total other financing sources (uses) | (12,020,206) | 11,353,727 | 931,504 | - | 3,500,000 | 22,500,000 | - | 26,265,025 | |
| Net change in fund balances | 710,501 | - | 719,661 | 178,046 | 3,505,221 | 22,129,563 | (67,341) | 27,175,651 | |
| Fund Balances, Beginning | 23,492,743 | - | 1,399,095 | 1,486,208 | 6,285,452 | - | 713,804 | 33,377,302 | |
| Fund Balances, Ending | \$ 24,203,244 | \$ - | \$ 2,118,756 | \$ 1,664,254 | \$ 9,790,673 | \$ 22,129,563 | \$ 646,463 | \$ 60,552,953 | |

See 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
Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 27,175,651

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 | 5,033,729 |
| Depreciation expense reported in the statement of activities | (6,676,673) |

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

(72,639)

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 | (22,500,000) |
| Capital leases | (2,833,521) |
| Principal repaid: | |
| General obligation debt | 10,875,000 |
| Capital leases | 898,113 |

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.

| | |
|------------------------------|-----------|
| Premium on debt issued | (931,504) |
| Amortization of premium | 324,851 |
| Deferred charge on refunding | (296,210) |

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 | 1,674,124 |
| Net pension asset | 12,750,069 |
| Total pension liability | 312,676 |
| Net OPEB liability | (871,970) |
| Accrued interest on debt | (355,265) |
| Deferred outflows of resources related to pensions | 12,002,381 |
| Deferred inflows of resources related to pensions | (16,290,591) |
| Deferred inflows of resources related to OPEB | (532,592) |
| Deferred outflows of resources related to OPEB | 1,449,823 |

Change in Net Position of Governmental Activities \$ 21,135,452

School District of Janesville

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

| | <u>Private- Purpose Trust</u> | <u>Employee Benefit Trust Fund</u> |
|-----------------------------|---------------------------------------|--|
| | <u>Scholarships</u> | <u>Post-Retirement Health Benefits</u> |
| Assets | | |
| Cash and investments | \$ 292,139 | \$ 5,809,775 |
| Due from other governments | <u>-</u> | <u>2,627,768</u> |
| Total assets | <u>\$ 292,139</u> | <u>\$ 8,437,543</u> |
| Liabilities | | |
| Due to District | <u>\$ -</u> | <u>\$ 1,944,545</u> |
| Net Position | | |
| Restricted for OPEB | - | 6,492,998 |
| Restricted for scholarships | <u>292,139</u> | <u>-</u> |
| Total net position | <u>\$ 292,139</u> | <u>\$ 6,492,998</u> |

See notes to the financial statements

School District of Janesville

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2021

| | <u>Private- Purpose Trust</u> | <u>Employee Benefit Trust Fund</u> |
|-----------------------------------|---------------------------------------|--|
| | <u>Scholarships</u> | <u>Post-Retirement Health Benefits</u> |
| Additions | | |
| Contributions | \$ - | \$ 2,627,768 |
| Investment earnings | 5,144 | 5,251 |
| Gifts | 10,878 | - |
| Other | 30,925 | - |
| | <u>46,947</u> | <u>2,633,019</u> |
| Total additions | | |
| | 46,947 | 2,633,019 |
| Deductions | | |
| Payments of scholarships | 11,878 | - |
| Other post-employment benefits | - | 1,944,545 |
| | <u>11,878</u> | <u>1,944,545</u> |
| Total deductions | | |
| | 11,878 | 1,944,545 |
| Net change in net position | 35,069 | 688,474 |
| Net Position, Beginning | <u>257,070</u> | <u>5,804,524</u> |
| Net Position, Ending | <u>\$ 292,139</u> | <u>\$ 6,492,998</u> |

See notes to the financial statements

School District of Janesville

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June 30, 2021

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School District of Janesville

Notes to Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

The accounting policies of the School District of Janesville, Wisconsin, (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).

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 three methods, discrete presentation, blended or fiduciary. 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.

District-Wide and Fund Financial Statements

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.

School District of Janesville

Notes to Financial Statements

June 30, 2021

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 percent of the corresponding total for all funds of that category or type and
- 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

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 Funds

Special Revenue - Special Education Fund is used to account for and report grants and local revenues used to provide special education services to district students.

Special Revenue - Food Service Fund is used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the district programs.

Debt Service Fund

Debt Service Fund is 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.

School District of Janesville

Notes to Financial Statements

June 30, 2021

Capital Projects Funds

Capital Projects Fund - Capital Improvement Trust Fund is 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.

Capital Projects Fund - Capital Project Fund is 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

Special Revenue Funds are 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

In addition, the District reports the following fund types:

Private-Purpose Trust Fund

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

Scholarship Fund

Pension (and Other Employee Benefit) Trust Fund

Pension (and Other Employee Benefit) Trust Fund are 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

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.

School District of Janesville

Notes to Financial Statements
June 30, 2021

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.

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 Funds

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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

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

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.

School District of Janesville

Notes to Financial Statements
June 30, 2021

- d. The local government investment pool.
- 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 3. 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 municipal 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, 2021, 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, 2021 the District's share of the WISC's assets was substantially equal to the amount reported.

See Note 3. for further information.

School District of Janesville

Notes to Financial Statements
June 30, 2021

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 - 2020 tax roll:

| | |
|-------------------------|------------------|
| Lien date and levy date | December 2020 |
| Tax bills mailed | December 2020 |
| Payment in full, or | January 31, 2021 |
| First installment due | January 31, 2021 |
| Second installment due | July 31, 2021 |

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.

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.

Restricted Assets

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

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 government 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.

School District of Janesville

Notes to Financial Statements

June 30, 2021

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.

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.

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.

School District of Janesville

Notes to Financial Statements
June 30, 2021

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, 2021, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental 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.

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.

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.

School District of Janesville

Notes to Financial Statements
June 30, 2021

- 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.
- 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 District 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 District 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 do not meet the criteria to be classified as restricted or committed. 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 percent 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 percent 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, 2021, the district is compliance with their fund balance policy.

See Note 3. 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

June 30, 2021

Pension

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

For purposes of measuring the 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.

Postemployment Benefits Other Than Pensions (OPEB)

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

2. Stewardship, Compliance and Accountability

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 governmental funds.

Limitations on the District's 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.

School District of Janesville

Notes to Financial Statements
June 30, 2021

3. Detailed Notes on All Funds

Deposits and Investments

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

| | <u>Carrying Value</u> | <u>Statement Balances</u> | <u>Associated Risks</u> |
|---|-----------------------|---------------------------|--|
| Deposits | \$ 63,794,517 | \$ 63,867,762 | Custodial Credit Risk |
| Stock | 11,521 | 11,521 | N/A |
| US treasuries | 1,819,336 | 1,819,336 | Custodial Credit Risk, Interest Rate Risk, Investments Highly Sensitive to Interest Rate Changes Risk |
| US agencies - implicitly guaranteed | 1,096,472 | 1,096,472 | Credit Risk, Custodial Credit Risk, Concentration of Credit Risk, Interest Rate Risk, Investments Highly Sensitive to Interest Rate Changes Risk |
| LGIP | 51,873 | 51,854 | Credit Risk |
| Mutual Funds | 156,375 | 156,375 | N/A |
| Petty cash | <u>1,200</u> | <u>-</u> | N/A |
| Total deposits and investments | <u>\$ 66,931,294</u> | <u>\$ 67,003,320</u> | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Unrestricted cash and investments | \$ 60,829,380 | | |
| Per statement of net position - fiduciary funds | | | |
| Private Purpose Trust Fund | 292,139 | | |
| Employee Benefit Trust Fund | <u>5,809,775</u> | | |
| Total deposits and investments | <u>\$ 66,931,294</u> | | |

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.

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 active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

School District of Janesville

Notes to Financial Statements

June 30, 2021

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

| Investment Type | June 30, 2021 | | | |
|-------------------------------------|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| US Treasuries | \$ 1,819,336 | \$ - | \$ - | \$ 1,819,336 |
| Stocks | 11,521 | - | - | 11,521 |
| US Agencies - implicitly guaranteed | 1,096,472 | - | - | 1,096,472 |
| Mutal Funds | 156,375 | - | - | 156,375 |
| Total | <u>\$ 3,083,704</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,083,704</u> |

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, 2021, \$57,686,608 of the District's total bank balances were exposed to custodial credit risk as follows:

| | |
|--|----------------------|
| Uninsured and uncollateralized | \$ 55,001,154 |
| Uninsured and collateral held by the pledging financial institution's trust department or agent not in the District's name | <u>2,685,454</u> |
| Total | <u>\$ 57,686,608</u> |

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District does not have any investments exposed to custodial credit risk.

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.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

School District of Janesville

Notes to Financial Statements
June 30, 2021

As of June 30, 2021, the District's investments were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity (In Years) Less than 1</u> |
|--|---------------------|--|
| US Treasuries | \$ 1,819,336 | \$ 1,819,336 |
| US Agencies - implicitly guaranteed | <u>1,096,472</u> | <u>1,096,472</u> |
| Total | <u>\$ 2,915,808</u> | <u>\$ 2,915,808</u> |

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

Receivables

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

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.

School District of Janesville

Notes to Financial Statements

June 30, 2021

Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------|------------------|---------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,329,333 | \$ 12,200 | \$ - | \$ 1,341,533 |
| Site improvements | 703,841 | - | - | 703,841 |
| Construction in progress | - | 896,946 | - | 896,946 |
| | <u>2,033,174</u> | <u>909,146</u> | <u>-</u> | <u>2,942,320</u> |
| Total capital assets not being depreciated | | | | |
| Capital assets being depreciated: | | | | |
| Site improvements | 6,700,719 | 159,812 | - | 6,860,531 |
| Buildings and building improvements | 192,179,026 | 814,848 | - | 192,993,874 |
| Furniture and equipment | 25,561,815 | 3,149,923 | 153,227 | 28,558,511 |
| | <u>224,441,560</u> | <u>4,124,583</u> | <u>153,227</u> | <u>228,412,916</u> |
| Total capital assets being depreciated | | | | |
| Total capital assets | | | | |
| | <u>226,474,734</u> | <u>5,033,729</u> | <u>153,227</u> | <u>231,355,236</u> |
| Less accumulated depreciation for: | | | | |
| Site improvements | (3,071,147) | (311,909) | - | (3,383,056) |
| Buildings and building improvements | (74,745,216) | (4,710,494) | - | (79,455,710) |
| Furniture and equipment | (21,118,645) | (1,654,270) | 153,227 | (22,619,688) |
| | <u>(98,935,008)</u> | <u>(6,676,673)</u> | <u>153,227</u> | <u>(105,458,454)</u> |
| Total accumulated depreciation | | | | |
| Net capital assets being depreciated | | | | |
| | <u>125,506,552</u> | <u>(2,552,090)</u> | <u>-</u> | <u>122,954,462</u> |
| Total governmental activities capital assets, net of accumulated depreciation | | | | |
| | <u>\$ 127,539,726</u> | <u>\$ (1,642,944)</u> | <u>\$ -</u> | <u>\$ 125,896,782</u> |

Depreciation expense was charged to functions as follows:

Governmental Activities

Instruction:

| | |
|---------------------|------------|
| Regular Instruction | \$ 892,318 |
| Special Education | 4,191 |
| Other | 8,782 |

Support services:

| | |
|-----------------------|-----------|
| Instructional Support | 170,790 |
| Building and grounds | 5,338,693 |
| Food Service | 68,771 |
| Other | 193,128 |

Total governmental activities Depreciation expense \$ 6,676,673

School District of Janesville

Notes to Financial Statements
June 30, 2021

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|---------------------|---------------------|
| Special Revenue - Special Education Fund | General Fund | \$ 1,730,950 |
| Capital Projects - Capital Improvement Trust Fund | General Fund | <u>3,500,000</u> |
| Total, fund financial statements | | <u>\$ 5,230,950</u> |

All amounts are due within one year.

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

Transfers

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Principal Purpose</u> |
|---|------------------------------|----------------------|------------------------------|
| Special Revenue - Special Education Fund | General Fund | \$ 11,353,727 | Operating subsidy |
| Capital Projects - Capital Improvement Trust Fund | General Fund | <u>3,500,000</u> | Payments to capital projects |
| Total, fund financial statements | | <u>\$ 14,853,727</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.

School District of Janesville

Notes to Financial Statements
June 30, 2021

Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2021, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|---|------------------------------|----------------------|----------------------|---------------------------|--|
| Governmental Activities | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation debt | \$ 46,740,000 | \$ 22,500,000 | \$ 10,875,000 | \$ 58,365,000 | \$ 11,045,000 |
| (Discounts)/Premiums: | <u>2,087,297</u> | <u>931,504</u> | <u>324,851</u> | <u>2,693,950</u> | <u>-</u> |
| Subtotal | <u>48,827,297</u> | <u>23,431,504</u> | <u>11,199,851</u> | <u>61,058,950</u> | <u>11,045,000</u> |
| Other liabilities: | | | | | |
| Total supplemental pension liability | 503,504 | 29,317 | 341,993 | 190,828 | - |
| Net OPEB liability | 24,220,784 | 6,879,983 | 6,008,013 | 25,092,754 | - |
| Compensated absences | 6,139,278 | 149,371 | 1,823,495 | 4,465,154 | - |
| Capital leases | <u>584,309</u> | <u>2,833,521</u> | <u>898,113</u> | <u>2,519,717</u> | <u>847,836</u> |
| Total other liabilities | <u>31,447,875</u> | <u>9,892,192</u> | <u>9,071,614</u> | <u>32,268,453</u> | <u>847,836</u> |
| Total governmental activities long-term liabilities | <u>\$ 80,275,172</u> | <u>\$ 33,323,696</u> | <u>\$ 20,271,465</u> | <u>\$ 93,327,403</u> | <u>\$ 11,892,836</u> |

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed 10 percent of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2021, was \$504,510,467. Total general obligation debt outstanding at year end was \$58,365,000.

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.

| <u>Governmental Activities</u> | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance June 30, 2021</u> |
|--|--------------------------|---------------------------|-----------------------|----------------------------------|--------------------------------------|
| General Obligation Debt | | | | | |
| GO Refunding Bonds | 09/15/2016 | 03/01/2028 | 1.50% - 4.00% | \$ 37,735,000 | \$ 17,625,000 |
| GO Promissory Note | 07/13/2017 | 03/01/2027 | 2.00% - 3.00% | 14,475,000 | 9,095,000 |
| GO Refunding Bonds | 08/12/2019 | 03/01/2030 | 1.70%-2.25% | 10,075,000 | 9,145,000 |
| GO Promissory Note | 03/04/2021 | 03/01/2031 | 1.00%-4.00% | 22,500,000 | <u>22,500,000</u> |
| Total governmental activities, general obligation debt | | | | | <u>\$ 58,365,000</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> |
| 2022 | \$ 11,045,000 | \$ 155,829 |
| 2023 | 9,960,000 | 1,261,063 |
| 2024 | 8,920,000 | 974,743 |
| 2025 | 8,260,000 | 702,643 |
| 2026 | 3,885,000 | 423,738 |
| 2027-2031 | <u>16,295,000</u> | <u>753,575</u> |
| Total | <u>\$ 58,365,000</u> | <u>\$ 4,271,591</u> |

School District of Janesville

Notes to Financial Statements

June 30, 2021

Capital Leases

Refer to Note below.

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.

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 \$3,632,339, 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, 2021, are as follows:

| <u>Years</u> | <u>Governmental Activities</u> | | |
|--------------|--------------------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 847,836 | \$ 87,601 | \$ 935,437 |
| 2023 | 879,200 | 56,237 | 935,437 |
| 2024 | 783,157 | 23,717 | 806,874 |
| 2025 | <u>9,524</u> | <u>474</u> | <u>9,998</u> |
| Total | <u>\$ 2,519,717</u> | <u>\$ 168,029</u> | <u>\$ 2,687,746</u> |

Net Position/Fund Balances

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

Governmental Activities

Net investment in capital assets:

| | |
|---|----------------------|
| Land | \$ 1,341,533 |
| Construction in progress | 896,946 |
| Site improvements not being depreciated | 703,841 |
| Other capital assets, net of accumulated depreciation | 122,954,462 |
| Less long-term debt outstanding | (58,365,000) |
| Plus unspent capital related debt proceeds | 22,129,563 |
| Plus noncapital debt proceeds | 9,145,000 |
| Less: Unamortized debt premium/discount | (2,693,950) |
| Plus: Deferred charge on refunding | <u>820,280</u> |
| Total net investment in capital assets | <u>\$ 96,932,675</u> |

School District of Janesville

Notes to Financial Statements
June 30, 2021

Governmental Funds

Governmental fund balances reported on the fund financial statements at June 30, 2021, include the following:

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Special Revenue - Food Service Fund</u> | <u>Capital Projects - Capital Improvement Trust</u> | <u>Capital Projects - Capital Prjects Fund</u> | <u>Nonmajor Funds</u> | <u>Total</u> |
|------------------------------|----------------------|--------------------------|--|---|--|-----------------------|----------------------|
| Fund Balances | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid items | \$ 759,057 | \$ - | \$ 10,026 | \$ - | \$ - | \$ - | \$ 769,083 |
| Inventory | 3,171 | - | - | - | - | - | 3,171 |
| Restricted for: | | | | | | | |
| Debt Service | - | 2,118,756 | - | - | - | - | 2,118,756 |
| Food Service | - | - | 1,654,228 | - | - | - | 1,654,228 |
| Capital Projects | - | - | - | 9,790,673 | 22,129,563 | - | 31,920,236 |
| Trust Purposes | - | - | - | - | - | 677,599 | 677,599 |
| Community Service | - | - | - | - | - | 144,190 | 144,190 |
| Rock University High School | - | - | - | - | - | 1,315 | 1,315 |
| Unassigned (deficit): | <u>23,441,016</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(176,641)</u> | <u>23,264,375</u> |
| Total fund balances | <u>\$ 24,203,244</u> | <u>\$ 2,118,756</u> | <u>\$ 1,664,254</u> | <u>\$ 9,790,673</u> | <u>\$ 22,129,563</u> | <u>\$ 646,463</u> | <u>\$ 60,552,953</u> |

4. Other Information

Employees' Retirement System

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/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.

School District of Janesville

Notes to Financial Statements

June 30, 2021

Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earnings period. 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 age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

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

School District of Janesville

Notes to Financial Statements
June 30, 2021

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 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 \$4,759,968 in contributions from the District.

Contribution rates for the plan year reported as of June 30, 2021 are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General (including teachers, executives & elected officials) | 6.75 % | 6.75 % |

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

At June 30, 2021, the District reported an asset of \$27,323,077 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.43764969 percent, which was a decrease of 0.01430270 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$3,711,086.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 39,544,882 | \$ 8,517,896 |
| Changes in assumptions | 619,740 | - |
| Net differences between projected and actual earnings on pension plan investments | - | 51,296,851 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,140 | 253,108 |
| Employer contributions subsequent to the measurement date | <u>3,095,654</u> | <u>-</u> |
| Total | <u>\$ 43,261,416</u> | <u>\$ 60,067,851</u> |

School District of Janesville

Notes to Financial Statements
June 30, 2021

\$3,095,654 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as \$282,517 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> |
|--------------------------------|---|
| 2022 | \$ (5,137,442) |
| 2023 | (1,451,139) |
| 2024 | (9,351,394) |
| 2025 | (3,962,118) |

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

School District of Janesville

Notes to Financial Statements

June 30, 2021

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:

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

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

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 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.00 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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

June 30, 2021

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:

| | <u>1% Decrease to Discount Rate (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase to Discount Rate (8.00%)</u> |
|---|---|--|---|
| District's proportionate share of the net pension liability (asset) | \$ 26,007,782 | \$ (27,323,077) | \$ (66,494,196) |

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>.

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.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability band 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, 2021. 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

June 30, 2021

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

| | | |
|---|----|---------|
| General Fund | \$ | 935,143 |
| Special Revenue, Special Education Fund | | 40,137 |
| Special Revenue, Trust Fund | | 9,147 |
| Special Revenue, Food Service Fund | | 253 |

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 or employee benefit policies. The District utilizes an employee benefits trust to fund these benefits. The District makes contributions to the trust and the trust pays the benefits to retirees. In some instances, retirees pay a portion of the benefit. The number of participants currently eligible to receive benefits is 2,160.

General Information About the OPEB Plan

Plan Description

The District's defined benefit OPEB plan, District OPEB Plan, provides OPEB for all regular full-time employees of the District. The District OPEB Plan is a single-employer defined benefit OPEB plan.

Benefits Provided

District OPEB Plan provides medical insurance and life insurance to those employees upon retirement. Retirement may be elected by eligible employees who have attained certain age and service requirements. Generally, staff who qualify for 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. The District pays the same contributions as is made on behalf of active employees.

Employees Covered by Benefit Terms

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

| | |
|---|---------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 167 |
| Inactive plan members entitled to but not yet receiving benefit payments | 913 |
| Active plan members | <u>1,080</u> |
| | <u><u>2,160</u></u> |

Contributions

The funding policy of the plan states that the employer will fund 100 percent of the contributions to the plan as determined by the actuarial valuation, including costs to administer the plan. During the year ended June 30, 2021, the plan recognized \$2,500,000 in contributions from the District.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

School District of Janesville

Notes to Financial Statements

June 30, 2021

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.0% |
| Salary increases | 2.25% |
| Investment rate of return | 2.25% |
| Healthcare cost trend rates | 5.6% down to 0.1% in 35 years; includes merit increases plus inflation |

Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60 percent).

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period 2015-2017.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.25 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.

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, 2020 | \$ 28,453,509 | \$ 4,232,725 | \$ 24,220,784 |
| Changes for the year: | | | |
| Service cost | 1,164,592 | - | 1,164,592 |
| Interest | 988,465 | - | 988,465 |
| Changes of benefit terms | 718,510 | - | 718,510 |
| Differences between expected and actual experience | (1,260,392) | - | (1,260,392) |
| Changes in assumptions | 2,420,505 | - | 2,420,505 |
| Contributions-employer | - | 3,075,000 | (3,075,000) |
| Net investment income | - | 84,710 | (84,710) |
| Benefit payments | (1,587,911) | (1,587,911) | - |
| Net changes | 2,443,769 | 1,571,799 | 871,970 |
| Balances at June 30, 2021 | \$ 30,897,278 | \$ 5,804,524 | \$ 25,092,754 |

School District of Janesville

Notes to Financial Statements
June 30, 2021

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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

| | 1% Decrease (1.25%) | Discount Rate (2.25%) | 1% Increase (3.25%) |
|----------------------------|--------------------------------|----------------------------------|--------------------------------|
| Net OPEB liability (asset) | <u>\$ 28,220,613</u> | <u>\$ 25,092,754</u> | <u>\$ 22,486,096</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 (5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.50 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

| | 1% Decrease (5.50% Decreasing to 4.00%) | Healthcare Cost Trend Rates (6.50% Decreasing to 5.00%) | 1% Increase (7.50% Decreasing to 6.00%) |
|----------------------------|--|--|--|
| Net OPEB liability (asset) | <u>\$ 23,582,240</u> | <u>\$ 25,092,754</u> | <u>\$ 26,804,504</u> |

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,941,455. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 1,831,162 |
| Changes of assumptions or other inputs | 2,525,447 | 1,623,904 |
| Net difference between project and actual investment earnings on pension plan investment | 158,172 | - |
| Contributions subsequent to the measurement date | <u>2,500,000</u> | <u>-</u> |
| Total | <u>\$ 5,183,619</u> | <u>\$ 3,455,066</u> |

\$2,500,000 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, 2022. 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 (net)</u> |
|---------------------------------------|--|

School District of Janesville

Notes to Financial Statements
June 30, 2021

| | | |
|------------|----|-----------|
| 2021 | \$ | (242,710) |
| 2022 | | (258,681) |
| 2023 | | (279,004) |
| 2024 | | (107,010) |
| 2025 | | (124,898) |
| Thereafter | | 240,856 |

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, 2021, the District plan's membership consisted of:

| | |
|----------------------------|-----------------|
| Retirees and beneficiaries | 3 |
| Active members | <u>1</u> |
| Total | <u><u>4</u></u> |

The District paid \$113,748 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, 2021 was as follows:

| | <u>Total Pension Liability</u> |
|--|--------------------------------|
| Beginning, Balance | \$ 503,504 |
| Service cost | 13,450 |
| Interest on total pension liability | 15,867 |
| Changes of benefit terms | (154,457) |
| Differences between expected and actual experience | (57,006) |
| Changes of assumptions or other input | (16,782) |
| Benefit payments | <u>(113,748)</u> |
| Ending, Balance | <u><u>\$ 190,828</u></u> |

School District of Janesville

Notes to Financial Statements
June 30, 2021

Assumptions

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

| | |
|----------------------------------|---|
| Measurement Date: | June 30, 2020 |
| Actuarial Valuation Date: | June 30, 2020 |
| Inflation: | 2.00% |
| Salary Changes: | 5.6% down to 0.1% in 35 years; includes merit increases plus inflation |
| Discount Rate: | 2.25% |
| Source of Discount Rate: | Bond Buyer 20-Bond GO Index |
| Source of Mortality Assumptions: | Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%). |
| Source of Actuarial Assumptions | Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17. |

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 2.25 percent 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 (1.25 percent) or 1 percentage point higher (3.25 percent) than the current rate:

| | <u>1% Decrease (1.25)</u> | <u>Discount Rate (2.25)</u> | <u>1% Increase (3.25)</u> |
|---|-------------------------------|--|--|
| Total pension liability | <u>\$192,832</u> | <u>\$190,828</u> | <u>\$188,856</u> |
| | | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | | \$ 48,063 | \$ - |
| Changes in assumptions | | 2,677 | 5,923 |
| Employer contributions subsequent to the measurement date | | <u>106,248</u> | <u>-</u> |
| Total | | <u>\$ 156,988</u> | <u>\$ 5,923</u> |

School District of Janesville

Notes to Financial Statements
June 30, 2021

\$106,248 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| <u>Year ended June 30:</u> | <u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u> |
|----------------------------|---|
| 2022 | \$ 22,659 |
| 2023 | 22,659 |
| 2024 | (501) |

Pension expense and deferred outflows of resources related to pensions. For the year ended June 30, 2020, the District recognized pension expense of \$282,517.

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 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public 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 supersession of GASB Statement No. 32*

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

REQUIRED SUPPLEMENTARY INFORMATION

School District of Janesville

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2021

| | Budgeted Amounts | | Actual | Variance With Final |
|---|--------------------|--------------------|----------------------|---------------------|
| | Original | Final | | Budget |
| Revenues | | | | |
| Local | \$ 30,922,595 | \$ 30,944,192 | \$ 30,545,172 | \$ (399,020) |
| Interdistrict | 4,605,091 | 4,605,091 | 4,517,278 | (87,813) |
| Intermediate | 15,600 | 13,900 | 13,900 | - |
| State | 74,183,101 | 74,171,574 | 74,238,172 | 66,598 |
| Federal | 8,096,170 | 8,099,345 | 7,337,993 | (761,352) |
| Other Revenue | 240,248 | 375,326 | 312,885 | (62,441) |
| Total revenues | <u>118,062,805</u> | <u>118,209,428</u> | <u>116,965,400</u> | <u>(1,244,028)</u> |
| Expenditures | | | | |
| Instruction: | | | | |
| Regular | 45,144,213 | 47,119,038 | 45,543,610 | 1,575,428 |
| Special education | 7,403,780 | 6,406,816 | 6,456,498 | (49,682) |
| Vocational | 3,563,588 | 3,636,146 | 3,661,189 | (25,043) |
| Other | 3,931,556 | 4,048,898 | 4,237,648 | (188,750) |
| Total instruction | <u>60,043,137</u> | <u>61,210,898</u> | <u>59,898,945</u> | <u>1,311,953</u> |
| Support services: | | | | |
| Pupil services | 4,758,673 | 4,569,380 | 4,471,379 | 98,001 |
| Instructional support services | 8,437,473 | 7,865,573 | 6,662,001 | 1,203,572 |
| Administration | 8,202,852 | 8,258,369 | 8,334,674 | (76,305) |
| Buildings and grounds | 11,610,638 | 12,633,846 | 11,869,737 | 764,109 |
| Pupil transportation | 1,102,103 | 1,066,707 | 807,638 | 259,069 |
| Other support services | 6,094,612 | 6,389,711 | 5,422,375 | 967,336 |
| Debt service: | | | | |
| Principal | 858,731 | 894,311 | 898,113 | (3,802) |
| Interest and fees | 31,604 | 31,604 | 36,465 | (4,861) |
| Total support services | <u>41,096,686</u> | <u>41,709,501</u> | <u>38,502,382</u> | <u>3,207,119</u> |
| Nonprogram | <u>6,602,026</u> | <u>5,843,021</u> | <u>5,833,366</u> | <u>9,655</u> |
| Total expenditures | <u>107,741,849</u> | <u>108,763,420</u> | <u>104,234,693</u> | <u>4,528,727</u> |
| Excess (deficiency) of revenues over expenditures | <u>10,320,956</u> | <u>9,446,008</u> | <u>12,730,707</u> | <u>3,284,699</u> |
| Other Financing Sources (Uses) | | | | |
| Capital leases | 2,794,571 | 2,794,571 | 2,833,521 | 38,950 |
| Transfers out | (13,115,527) | (12,156,266) | (14,853,727) | (2,697,461) |
| Net change in fund balances | <u>\$ -</u> | <u>\$ 84,313</u> | <u>710,501</u> | <u>\$ 626,188</u> |
| Fund Balances, Beginning | | | <u>23,492,743</u> | |
| Fund Balances, Ending | | | <u>\$ 24,203,244</u> | |

See notes to required supplementary information

School District of Janesville

Budgetary Comparison Schedule
 Special Education Fund - Special Revenue Fund
 Year Ended June 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| State | \$ 5,266,333 | \$ 4,961,023 | \$ 4,969,280 | \$ 8,257 |
| Federal | 2,533,671 | 3,587,364 | 3,769,837 | 182,473 |
| Other | - | - | - | - |
| Total revenues | <u>7,800,004</u> | <u>8,548,387</u> | <u>8,739,117</u> | <u>190,730</u> |
| Expenditures | | | | |
| Instruction: | | | | |
| Special education | <u>15,944,276</u> | <u>16,135,690</u> | <u>15,345,595</u> | <u>790,095</u> |
| Support services: | | | | |
| Instructional support services | 805,914 | 803,723 | 787,841 | 15,882 |
| Pupil Services | 2,540,381 | 2,500,602 | 2,639,338 | (138,736) |
| Buildings and grounds | 1,125 | 1,125 | 525 | 600 |
| Pupil transportation | 1,463,553 | 1,108,505 | 1,155,638 | (47,133) |
| Other support services | 5,000 | 9,131 | 8,195 | 936 |
| Administration | 45,231 | 35,826 | 36,295 | |
| Debt service | | | | |
| Principal | - | - | - | - |
| Total support services | <u>4,861,204</u> | <u>4,458,912</u> | <u>4,627,832</u> | <u>(168,920)</u> |
| Nonprogram | <u>110,051</u> | <u>110,051</u> | <u>119,417</u> | <u>(9,366)</u> |
| Total expenditures | <u>20,915,531</u> | <u>20,704,653</u> | <u>20,092,844</u> | <u>611,809</u> |
| Excess (deficiency) of revenues over expenditures | (13,115,527) | (12,156,266) | (11,353,727) | 802,539 |
| Other Financing Sources | | | | |
| Transfers in | <u>13,115,527</u> | <u>12,156,266</u> | <u>11,353,727</u> | <u>(802,539)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund Balances, Beginning | | | <u>-</u> | |
| Fund Balances, Ending | | | <u>\$ -</u> | |

See notes to required supplementary information

School District of Janesville

Budgetary Comparison Schedule
Food Service Fund - Special Revenue Fund
For the Year Ended June 30, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local | \$ 288,750 | \$ 309,850 | \$ 165,111 | \$ (144,739) |
| State | - | - | 96,407 | 96,407 |
| Federal | 4,138,900 | 4,138,900 | 5,186,857 | 1,047,957 |
| Other | <u>12,000</u> | <u>25,139</u> | <u>25,569</u> | <u>430</u> |
| Total revenues | <u>4,439,650</u> | <u>4,473,889</u> | <u>5,473,944</u> | <u>1,000,055</u> |
| Expenditures | | | | |
| Support services: | | | | |
| Building and grounds | 23,094 | 214,305 | 214,075 | 230 |
| Instructional support | - | - | - | - |
| Food service | 4,941,637 | 4,771,649 | 5,038,900 | (267,251) |
| Other support services | <u>25,642</u> | <u>38,658</u> | <u>42,923</u> | <u>(4,265)</u> |
| Total support services | <u>4,990,373</u> | <u>5,024,612</u> | <u>5,295,898</u> | <u>(271,286)</u> |
| Total expenditures | <u>4,990,373</u> | <u>5,024,612</u> | <u>5,295,898</u> | <u>(271,286)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(550,723)</u> | <u>(550,723)</u> | <u>178,046</u> | <u>728,769</u> |
| Net change in fund balances | <u>\$ (550,723)</u> | <u>\$ (550,723)</u> | <u>178,046</u> | <u>\$ 728,769</u> |
| Fund Balances, Beginning | | | <u>1,486,208</u> | |
| Fund Balances, Ending | | | <u>\$ 1,664,254</u> | |

See notes to required supplementary information

School District of Janesville

Schedule of Changes in the net OPEB Liability
Year Ended June 30, 2021

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 1,586,736 | \$ 1,586,736 | \$ 1,465,165 | \$ 1,079,142 | \$ 1,164,592 |
| Interest | 932,396 | 949,280 | 1,083,611 | 1,020,369 | 988,465 |
| Changes of benefit terms | - | - | (1,286,790) | - | 718,510 |
| Differences between expected and actual experience | - | - | (1,201,324) | - | (1,260,392) |
| Changes of assumptions | - | (1,273,941) | (1,724,689) | 600,970 | 2,420,505 |
| Benefit payments | <u>(2,097,761)</u> | <u>(1,814,898)</u> | <u>(1,952,399)</u> | <u>(1,834,467)</u> | <u>(1,587,911)</u> |
| Net Change in Total OPEB Liability | 421,371 | (552,823) | (3,616,426) | 866,014 | 2,443,769 |
| Total OPEB Liability - Beginning | <u>31,335,373</u> | <u>31,756,744</u> | <u>31,203,921</u> | <u>27,587,495</u> | <u>28,453,509</u> |
| 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> | <u>\$ 30,897,278</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions - employer | \$ 1,200,000 | \$ 2,483,750 | \$ 2,592,468 | \$ 1,183,147 | \$ 3,075,000 |
| Net investment income | 8,750 | 31,431 | 52,185 | 116,605 | 84,710 |
| Benefit payments | <u>(2,097,761)</u> | <u>(1,814,898)</u> | <u>(1,952,399)</u> | <u>(1,834,467)</u> | <u>(1,587,911)</u> |
| Net Change in Plan Fiduciary Net Position | (889,011) | 700,283 | 692,254 | (534,715) | 1,571,799 |
| Plan Fiduciary Net Position - Beginning | <u>4,263,914</u> | <u>3,374,903</u> | <u>4,075,186</u> | <u>4,767,440</u> | <u>4,232,725</u> |
| 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> | <u>\$ 5,804,524</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> | <u>\$ 25,092,754</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 10.63% | 13.06% | 17.28% | 14.88% | 18.79% |

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 JANESVILLESchedule of Employer Contributions - OPEB
Year Ended June 30, 2021

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-------------------|-------------------|------------------|-------------------|------------------|
| Actuarially contractual determined contribution | \$ 1,886,832 | \$ 2,608,781 | \$ 2,687,044 | \$ 1,994,625 | \$ 3,111,790 |
| Contributions in relation to the actuarially determined contribution | <u>1,200,000</u> | <u>2,483,750</u> | <u>2,592,468</u> | <u>1,183,147</u> | <u>3,075,000</u> |
| Contribution deficiency (excess) | <u>\$ 686,832</u> | <u>\$ 125,031</u> | <u>\$ 94,576</u> | <u>\$ 811,478</u> | <u>\$ 36,790</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 | 2.0% |
| Healthcare cost trend rates | 6.50% decreasing 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 2018 using Wisconsin Retirement System (WRS) experience from 2015-17 |
| Mortality | Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%) |

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
 Year Ended June 30, 2021

| Fiscal Year Ending | Beginning Balance | Service Cost | Interest on Total Pension Liability | Changes in Benefit Terms | Differences 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 |
| 6/30/21 | 503,504 | 13,450 | 15,867 | (154,457) | (57,006) | (16,782) | (113,748) | 190,828 |

Schedule of Covered Payroll
 Single Employer Defined Benefit Pension Plan
 Year Ended June 30, 2021

| 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% |
| 6/30/21 | 190,828 | 114,497 | 166.67% |

See 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
Year Ended June 30, 2021

| 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% |
| 12/31/2020 | 0.43764969% | (27,323,077) | 70,518,047 | 38.75% | 105.26% |

| 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% |
| 6/30/2021 | 5,476,792 | 5,476,792 | - | 71,029,625 | 7.71% |

See notes to required supplementary information

School District of Janesville

Notes to Required Supplementary Information
June 30, 2021

1. 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.

2. 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, 2021 to be reflective of a 20-year AA municipal bond rate (2.25%).

3. 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.

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

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

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.

SUPPLEMENTARY INFORMATION

School District of Janesville

Combining Balance Sheet
 Nonmajor Governmental Funds
 Year Ended June 30, 2021

| | Special Revenue Funds | | | | Total Nonmajor Funds |
|--|------------------------------|---------------------------------------|--|-----------------------------|-------------------------------------|
| | Trust Fund | Community Service Fund | Rock University High School | Cooperative Fund | |
| Assets | | | | | |
| Cash and investments | \$ 701,027 | \$ 144,190 | \$ - | \$ 34,233 | \$ 879,450 |
| Due from other governments | - | - | 63,862 | - | 63,862 |
| Total assets | \$ 701,027 | \$ 144,190 | \$ 63,862 | \$ 34,233 | \$ 943,312 |
| Liabilities and Fund Balances (Deficit) | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 18,822 | \$ - | \$ 3,298 | \$ - | \$ 22,120 |
| Accrued salaries and wages | 4,027 | - | 51,411 | - | 55,438 |
| Payroll taxes and withholdings | 579 | - | 18,473 | - | 19,052 |
| Due to other governments | - | - | 166,006 | 34,233 | 200,239 |
| Total liabilities | 23,428 | - | 239,188 | 34,233 | 296,849 |
| Fund Balances (Deficit) | | | | | |
| Restricted | 677,599 | 144,190 | 1,315 | - | 823,104 |
| Unassigned (deficit) | - | - | (176,641) | - | (176,641) |
| Total fund balance (deficit) | 677,599 | 144,190 | (175,326) | - | 646,463 |
| Total liabilities and fund balances (deficit) | \$ 701,027 | \$ 144,190 | \$ 63,862 | \$ 34,233 | \$ 943,312 |

School District of Janesville

Combining statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Year Ended June 30, 2021

| | Special Revenue Funds | | | | Total Nonmajor Funds |
|---|-----------------------|------------------------------|-----------------------------------|---------------------|----------------------------|
| | Trust Fund | Community Service Fund | Rock University High School | Cooperative Fund | |
| Revenues | | | | | |
| Local | \$ 284,118 | \$ 143,496 | \$ 422,606 | \$ - | \$ 850,220 |
| Interdistrict | - | - | 2,649 | - | 2,649 |
| Federal | - | - | 129,903 | - | 129,903 |
| Other | 7,321 | - | - | - | 7,321 |
| Total revenues | <u>291,439</u> | <u>143,496</u> | <u>555,158</u> | <u>-</u> | <u>990,093</u> |
| Expenditures | | | | | |
| Instruction: | | | | | |
| Regular | 94,965 | - | 325,035 | - | 420,000 |
| Special education | 7,090 | - | 20,500 | - | 27,590 |
| Vocational | 2,240 | - | - | - | 2,240 |
| Other | 137,006 | - | 61,483 | - | 198,489 |
| Total instruction | <u>241,301</u> | <u>-</u> | <u>407,018</u> | <u>-</u> | <u>648,319</u> |
| Support services: | | | | | |
| Instructional support services | 11,352 | - | 22,781 | - | 34,133 |
| Pupil services | 43,716 | - | 22,566 | - | 66,282 |
| Administrative | 485 | - | 203,324 | - | 203,809 |
| Buildings and grounds | 3,496 | - | - | - | 3,496 |
| Pupil transportation | 225 | - | - | - | 225 |
| Other support services | 5,097 | - | 705 | - | 5,802 |
| Total support services | <u>64,371</u> | <u>-</u> | <u>249,376</u> | <u>-</u> | <u>313,747</u> |
| Community service | - | 95,368 | - | - | 95,368 |
| Total expenditures | <u>305,672</u> | <u>95,368</u> | <u>656,394</u> | <u>-</u> | <u>1,057,434</u> |
| Excess (deficiency) of revenues over expenditures | <u>(14,233)</u> | <u>48,128</u> | <u>(101,236)</u> | <u>-</u> | <u>(67,341)</u> |
| Net change in fund balances | (14,233) | 48,128 | (101,236) | - | (67,341) |
| Fund Balances (deficit), Beginning | <u>691,832</u> | <u>96,062</u> | <u>(74,090)</u> | <u>-</u> | <u>713,804</u> |
| Fund Balances (deficit), Ending | <u>\$ 677,599</u> | <u>\$ 144,190</u> | <u>\$ (175,326)</u> | <u>\$ -</u> | <u>\$ 646,463</u> |

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Education of
School District of Janesville

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Janesville (District) as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

The District's Response to Finding

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

Purpose of this Report

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
December 15, 2021

**Independent Auditors' Report on Compliance for Each Major Federal and Major State Program;
And Report on Internal Control Over Compliance Required by Uniform Guidance
and the *State Single Audit Guidelines***

To the Board of Education of
School District of Janesville

Report on Compliance for Each Major Federal and Major State Program

We have audited the School District of Janesville's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and major state programs for the year ended June 30, 2021. The District's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and Major State Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
December 15, 2021

School District of Janesville

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| <u>Awarding Agency/Pass-Through Agency/Award Description</u> | <u>Federal Catalog Number</u> | <u>Pass Through Agency</u> | <u>Passed Through Agency ID</u> | <u>Accrued Receivable 7/1/20</u> | <u>Expenditures Grantor Reimbursements</u> | <u>Revenues Grantor Reimbursements</u> | <u>Accrued Receivable 6/30/21</u> |
|--|-------------------------------|----------------------------|-----------------------------------|----------------------------------|--|--|-----------------------------------|
| U.S. Department of Education | | | | | | | |
| Special Education Cluster | | | | | | | |
| <u>IDEA Flow Through Entitlement</u> | | | | | | | |
| July 1, 2019 - June 30, 2020 | 84.027 | WI DPI | 2021-532695-IDEA-FT-341 | \$ 810,594 | \$ - | \$ 810,594 | \$ - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 2,353,658 | 1,839,124 | 514,534 |
| | | | | <u>810,594</u> | <u>2,353,658</u> | <u>2,649,718</u> | <u>514,534</u> |
| <u>IDEA Preschool Entitlement</u> | | | | | | | |
| July 1, 2019 - June 30, 2020 | 84.173 | WI DPI | 2021-532695-IDEA-PS-347 | 46,461 | - | 46,461 | - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 97,015 | 73,417 | 23,598 |
| | | | | <u>46,461</u> | <u>97,015</u> | <u>119,878</u> | <u>23,598</u> |
| Total Special Education Cluster | | | | <u>857,055</u> | <u>2,450,673</u> | <u>2,769,596</u> | <u>538,132</u> |
| ESEA Title 1, Part A | | | | | | | |
| <u>ESEA Title 1-A Basic Grant</u> | | | | | | | |
| July 1, 2019 - June 30, 2020 | 84.010 | WI DPI | 2021-532695-TIA-141 | 676,157 | - | 676,157 | - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 2,282,069 | 1,810,667 | 471,402 |
| | | | | <u>676,157</u> | <u>2,282,069</u> | <u>2,486,824</u> | <u>471,402</u> |
| <u>Title I-D Delinquent LEAs</u> | | | | | | | |
| July 1, 2019 - June 30, 2020 | 84.010 | WI DPI | 2021-532695-DPI-TI-D N&D-144 | 28,571 | - | 28,571 | - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 66,446 | 49,892 | 16,554 |
| | | | | <u>28,571</u> | <u>66,446</u> | <u>78,463</u> | <u>16,554</u> |
| Total ESEA Title 1, Part A | | | | <u>704,728</u> | <u>2,348,516</u> | <u>2,565,287</u> | <u>487,957</u> |
| <u>Carl Perkins Act Formula Allocation Grant</u> | | | | | | | |
| July 1, 2019 - June 30, 2020 | 84.048 | WI DPI | 2021-532695-CTE-400 | 9,006 | - | 9,006 | - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 80,502 | 45,320 | 35,182 |
| | | | | <u>9,006</u> | <u>80,502</u> | <u>54,326</u> | <u>35,182</u> |
| <u>ESEA Title X-C Homeless Children</u> | | | | | | | |
| July 1, 2019 - June 30, 2020 | 84.196 | WI DPI | 2021-532695-DPI-EHCY-335 | 15,730 | - | 15,730 | - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 65,999 | 50,851 | 15,148 |
| | | | | <u>15,730</u> | <u>65,999</u> | <u>66,581</u> | <u>15,148</u> |
| <u>WI Charter Schools Program</u> | | | | | | | |
| July 1, 2019 - June 30, 2020 | 84.282 | WI DPI | 2021-532695-DPI - DPI - WCSP1-360 | 39,863 | - | 39,863 | - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 129,903 | 66,041 | 63,862 |
| | | | | <u>39,863</u> | <u>129,903</u> | <u>105,904</u> | <u>63,862</u> |

See notes to schedules of expenditures of federal and state awards

School District of Janesville

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| <u>Awarding Agency/Pass-Through Agency/Award Description</u> | <u>Federal Catalog Number</u> | <u>Pass Through Agency</u> | <u>Passed Through Agency ID</u> | <u>Accrued Receivable 7/1/20</u> | <u>Expenditures Grantor Reimbursements</u> | <u>Revenues Grantor Reimbursements</u> | <u>Accrued Receivable 6/30/21</u> |
|--|-------------------------------|----------------------------|---|----------------------------------|--|--|-----------------------------------|
| <u>Title III-A English Language Acquisition Formula</u> July 1, 2019 - June 30, 2020 July 1, 2020 - June 30, 2021 | 84.365 | WI DPI WI DPI | 2021-532695-DPI-TIIIA-391 | \$ 6,716 - | \$ - 84,325 | \$ 6,716 82,241 | \$ - 2,084 |
| | | | | <u>6,716</u> | <u>84,325</u> | <u>88,957</u> | <u>2,084</u> |
| <u>ESEA Title II-A Formula Teacher and Principal Training</u> July 1, 2019 - June 30, 2020 July 1, 2020 - June 30, 2021 | 84.367 | WI DPI WI DPI | 2021-532695-DPI-TIIA-365 | 202,605 - | - 162,460 | 202,605 95,815 | - 66,645 |
| | | | | <u>202,605</u> | <u>162,460</u> | <u>298,420</u> | <u>66,645</u> |
| <u>Title IV-A Student Support and Academic Enrichment Grants</u> July 1, 2019 - June 30, 2020 July 1, 2020 - June 30, 2021 | 84.424 | WI DPI WI DPI | 202-532695-DPI-TIVA-381 | 38,203 - | - 105,078 | 38,203 82,533 | - 22,545 |
| | | | | <u>38,203</u> | <u>105,078</u> | <u>120,736</u> | <u>22,545</u> |
| Education Stabilization Fund - CARES Act: Elementary and Secondary School Emergency Relief Fund <u>COVID-19 - Education Stabilization Fund</u> July 1, 2020 - June 30, 2021 - COVID 19 | 84.425D | WI DPI | 2021-532695-DPIESSERF-160 | - | 1,958,819 | 1,674,359 | 284,460 |
| | | | | <u>-</u> | <u>1,958,819</u> | <u>1,674,359</u> | <u>284,460</u> |
| Education Stabilization Fund - CARES Act: Elementary and Secondary School Emergency Relief Fund <u>COVID-19 - Education Stabilization Fund</u> July 1, 2020 - June 30, 2021 - COVID 19 | 84.425D | WI DPI | 2021-532695-DPIESSERF-160 | - | 1,043,142 | - | 1,043,142 |
| | | | | <u>-</u> | <u>1,043,142</u> | <u>-</u> | <u>1,043,142</u> |
| <u>COVID- 19 - Education Stabilization Fund - Governors Emergency Education Relief Fund</u> July 1, 2020 - June 30, 2021 - COVID 19 | 84.425C | WI DPI | 2021-532695-DPIGEERF-162 | - | 1,403,543 | 1,055,194 | 348,349 |
| | | | | <u>-</u> | <u>1,403,543</u> | <u>1,055,194</u> | <u>348,349</u> |
| | | | | <u>-</u> | <u>4,405,504</u> | <u>2,729,553</u> | <u>1,675,951</u> |
| Total U.S. Department of Education | | | | <u>1,873,906</u> | <u>9,832,960</u> | <u>8,799,360</u> | <u>2,907,506</u> |
| U.S. Department of Agriculture | | | | | | | |
| <u>Fresh Fruit & Vegetable Program (FFVP)</u> July 1, 2020 - June 30, 2021 - COVID 19 | 10.582 | WI DPI | 2021-532695-CNP Grants to ST. Fruit-594 | - | 115,758 | 115,758 | - |
| Child Nutrition Cluster <u>Donated Food Program</u> July 1, 2020 - June 30, 2021 | 10.555 | WI DPI | N/A | - | 455,138 | 455,138 | - |
| | | | | <u>-</u> | <u>455,138</u> | <u>455,138</u> | <u>-</u> |
| <u>NSL Area Eligible Snack Program</u> July 1, 2019 - June 30, 2020 | 10.555 | WI DPI | 2021-532695-NSLAE-566 | - | - | - | - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 4,304 | 1,351 | 2,953 |
| | | | | <u>-</u> | <u>4,304</u> | <u>1,351</u> | <u>2,953</u> |

See notes to schedules of expenditures of federal and state awards

School District of Janesville

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| <u>Awarding Agency/Pass-Through Agency/Award Description</u> | <u>Federal Catalog Number</u> | <u>Pass Through Agency</u> | <u>Passed Through Agency ID</u> | <u>Accrued Receivable 7/1/20</u> | <u>Expenditures Grantor Reimbursements</u> | <u>Revenues Grantor Reimbursements</u> | <u>Accrued Receivable 6/30/21</u> |
|--|-------------------------------|----------------------------|---------------------------------|----------------------------------|--|--|-----------------------------------|
| <u>COVID 19 - Summer Food Service Program for Children</u> | 10.559 | | 2021-532695-SFSP-586 | | | | |
| July 1, 2019 - June 30, 2020 - COVID-19 | | WI DPI | | \$ 297,042 | \$ - | \$ 297,042 | \$ - |
| July 1, 2020 - June 30, 2021 - COVID 19 | | WI DPI | | - | 4,611,658 | 4,306,215 | 305,443 |
| | | | | <u>297,042</u> | <u>4,611,658</u> | <u>4,603,257</u> | <u>305,443</u> |
| Total Child Nutrition Cluster | | | | <u>297,042</u> | <u>5,071,100</u> | <u>4,603,257</u> | <u>305,443</u> |
| Total U.S. Department of Agriculture | | | | <u>297,042</u> | <u>5,186,858</u> | <u>4,719,015</u> | <u>305,443</u> |
| U.S. Department of Health and Human Services | | | | | | | |
| <u>Teen Parents Dropout Prevention Public Aid</u> | 93.500 | | 2021-532695-DPI-InSPIRE-591 | | | | |
| July 1, 2019 - June 30, 2020 | | WI DPI | | 29,297 | - | 29,297 | - |
| July 1, 2020 - June 30, 2021 | | WI DPI | | - | 15,537 | 3,045 | 12,492 |
| | | | | <u>29,297</u> | <u>15,537</u> | <u>32,342</u> | <u>12,492</u> |
| Medicaid Cluster | | | | | | | |
| <u>Medical Assistance Program</u> | 93.778 | | 44207900 | | | | |
| July 1, 2019 - June 30, 2020 | | WI DHS | | - | 1,389,236 | 1,333,486 | 55,750 |
| | | | | <u>-</u> | <u>1,389,236</u> | <u>1,333,486</u> | <u>55,750</u> |
| Total U.S. Department of Health and Human Services | | | | <u>29,297</u> | <u>1,404,773</u> | <u>1,365,828</u> | <u>68,242</u> |
| Total federal awards | | | | <u>\$ 2,200,245</u> | <u>\$ 16,424,591</u> | <u>\$ 14,884,203</u> | <u>\$ 3,281,191</u> |

See notes to schedules of expenditures of federal and state awards

School District of Janesville

Schedule of Expenditures of State Awards
Year Ended June 30, 2021

| <u>Awarding Agency/Pass-Through Agency/Award Description</u> | <u>State ID Number</u> | <u>Accrued Receivable 7/1/20</u> | <u>Revenue/ Expenditures</u> | <u>Reimbursements</u> | <u>Accrued Receivable 6/30/21</u> |
|--|------------------------|----------------------------------|------------------------------|-----------------------|-----------------------------------|
| Wisconsin Department of Public Instruction | | | | | |
| Special Education and School Age Parents | 255.101 | \$ - | \$ 4,830,929 | \$ 4,830,929 | \$ - |
| State School Lunch Program | 255.102 | - | 43,048 | 43,048 | - |
| Common School Fund Library Aid | 255.103 | - | 437,239 | 437,239 | - |
| Bilingual/Bicultural Program | 255.106 | - | 41,030 | 41,030 | - |
| Pupil Transportation Aid | 255.107 | - | 21,869 | 21,869 | - |
| Equalization Aid | 255.201 | 1,057,719 | 64,774,038 | 64,808,293 | 1,023,464 |
| High Cost Special Education Aid | 255.210 | - | 43,429 | 43,429 | - |
| Supplemental Per Pupil Aid | 255.245 | - | 28,514 | 28,514 | - |
| Special Education Transition Readiness Grant | 255.257 | 9,742 | - | 9,742 | - |
| School Based Mental Health Programs | 255.297 | 16,394 | 49,494 | 50,189 | 15,699 |
| Peer Review and Mentoring Grants | 255.301 | 308 | 10,948 | 11,256 | - |
| State School Breakfast Program | 255.344 | - | 53,359 | 53,359 | - |
| State Tuition Payments - General | 255.401 | - | 259,582 | 259,582 | - |
| State Tuition Payments Special Education Program | 255.401 | - | 47,922 | 47,922 | - |
| Early College Credit Program | 255.445 | - | 2,567 | 2,567 | - |
| Student Achievement Guarantee in Education Aid | 255.504 | - | 597,601 | 597,601 | - |
| Aid for High Poverty School District | 255.926 | - | 640,683 | 640,683 | - |
| Educator Effective Eval Sys Grants Public | 255.940 | - | 66,800 | 66,800 | - |
| Per Pupil Adjustment Aid | 255.945 | - | 6,962,186 | 6,962,186 | - |
| Career and Technical Education Incentives | 255.950 | - | 27,120 | 27,120 | - |
| Assessments of Reading Readiness | 255.956 | - | 14,543 | 14,543 | - |
| Robotics Lead Participation | 255.959 | 8,718 | 5,000 | 8,718 | 5,000 |
| Aid for Special Education Transition | 255.960 | - | 47,000 | 47,000 | - |
| | | <u>1,092,881</u> | <u>79,004,901</u> | <u>79,053,619</u> | <u>1,044,163</u> |
| Wisconsin Department of Justice | | | | | |
| School Safety Initiative | 455.206 | <u>27,840</u> | <u>21,568</u> | <u>49,408</u> | <u>-</u> |
| Wisconsin Department of Workforce Development | | | | | |
| Youth Apprenticeship Grant | 445.107 | - | 3,900 | 3,900 | - |
| Expanded Wisconsin Fast Forward Grant | 445.109 | <u>4,070</u> | <u>7,659</u> | <u>7,729</u> | <u>4,000</u> |
| Total state financial assistance | | <u>\$ 1,124,791</u> | <u>\$ 79,038,028</u> | <u>\$ 79,114,656</u> | <u>\$ 1,048,163</u> |

See notes to schedules of expenditures of federal and state awards

School District of Janesville

Notes to Schedules of Expenditures of Federal and State Awards
Year Ended June 30, 2021

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., 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. Expenditures are recorded when the liability is incurred.

3. Special Education and School Age Parents Program

Eligible costs for special education under project 011 were \$16,808,430 for the year ended June 30, 2021.

4. Oversight Agency

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

5. Pass-Through Agencies

The District received federal awards from the following pass-through agencies:

| | |
|--------|--|
| WI DPI | Wisconsin Department of Public Instruction |
| WI DHS | Wisconsin Department of Health Services |

6. Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate of the Uniform Guidance.

School District of Janesville

Notes to Schedules of Expenditures of Federal and State Awards
Year Ended June 30, 2021

7. Prior Year Findings

The finding identified as Federal and State Awards Findings and Questioned Costs No. 2020-001 is repeated as 2021-001 for the year ended June 30, 2021.

The finding identified as Federal and State Awards Findings and Questioned Costs No. 2020-002 has been resolved

School District of Janesville

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I: Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X yes

 no

Significant deficiency(ies) identified?

 yes

 X none reported

Noncompliance material to financial statements noted?

 yes

 X no

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified?

 yes X no

 yes X no

Significant deficiencies identified that were not considered to be material weakness(es)?

 yes X none reported

 yes X none reported

Type of auditor's report issued on compliance for major programs:

 Unmodified

 Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

 yes X no

 yes X no

Auditee qualified as low-risk auditee?

 yes X no

 yes X no

Dollar threshold used to distinguish between Type A and Type B programs

 \$750,000

 \$250,000

Identification of major federal programs tested

CFDA Numbers

10.555/10.559
93.778
84.425

Name of Federal Program or Cluster

Child Nutrition Cluster
Medicaid Cluster
COVID- 19 Education Stabilization Fund

Identification of major state programs tested

State ID Numbers

255.101
255.201/255.926
255.504

Name of State Program or Cluster

Special Education and School Age Parents
General Aids
Student Achievement Guarantee in Education Aid

School District of Janesville

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section II: Financial Statement Findings

Finding 2021-001: Internal Control over Financial Reporting **Repeat finding of 2020-001**

| | |
|------------------------------|---|
| <i>Criteria -</i> | Auditing standards require the communication of significant deficiencies and material weaknesses in the year end financial reporting process. |
| <i>Condition -</i> | The District has not prepared the annual financial statements or schedule of expenditures of federal and state awards. |
| <i>Cause -</i> | Due to its size, the District does not have the resources to employ an individual that is able to prepare its financial statements or schedule of expenditures of federal and state awards. |
| <i>Effect -</i> | Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles. |
| <i>Recommendation -</i> | Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional costs that would be required to remedy the current conditions. |
| <i>District's Response -</i> | The District believes it now has the capacity and staff with the expertise necessary to prepare materially-accurate financial statements internally, including all required disclosures. The District utilizes the services of their audit firm for convenience purposes. |

Section III: Federal and State Awards Finding and Questioned Costs

None

School District of Janesville

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section IV: Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____ yes X no

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

| | | |
|-------------------------------------|-----------|-----------------|
| Department of Public Instruction | _____ yes | <u> X </u> no |
| Department of Justice | _____ yes | <u> X </u> no |
| Department of Workforce Development | _____ yes | <u> X </u> no |

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X yes _____ no

4. Name and signature of partner _____


Wendi M. Unger, CPA

5. Date of Report December 15, 2021