

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

| | |
|--|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS | |
| DISTRICT-WIDE FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 12 |
| STATEMENT OF ACTIVITIES | 13 |
| FUND FINANCIAL STATEMENTS | |
| BALANCE SHEET – GOVERNMENTAL FUNDS | 14 |
| RECONCILIATION TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS | 15 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 16 |
| RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS | 17 |
| STATEMENT OF NET POSITION – FIDUCIARY FUNDS | 18 |
| STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS | 19 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 20 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS | 52 |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND – BUDGETARY BASIS | 53 |
| SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS | 54 |
| SCHEDULE OF EMPLOYER CONTRIBUTIONS | 55 |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

| | |
|--|-----------|
| SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM | 56 |
| SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM | 56 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 57 |
| SUPPLEMENTARY INFORMATION | |
| COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS | 61 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS | 63 |
| SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – PUPIL ACTIVITY FUND | 65 |
| ADDITIONAL INDEPENDENT AUDITOR’S REPORT FOR BASIC FINANCIAL STATEMENTS | |
| INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 66 |
| FEDERAL AND STATE AWARDS | |
| INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE <i>STATE SINGLE AUDIT GUIDELINES</i> | 68 |
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 71 |
| SCHEDULE OF EXPENDITURES OF STATE AWARDS | 72 |
| NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS | 73 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 75 |



INDEPENDENT AUDITORS' REPORT

Board of Education
West Bend Joint School District #1
West Bend, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Bend Joint School District #1, West Bend, Wisconsin (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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 District as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated January 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 52 through 60 be presented to supplement the basic financial statements. Such information, although not 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.

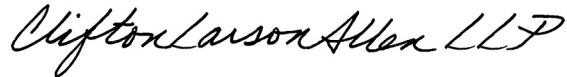
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of expenditures of state awards are presented for purposes of additional analysis, 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* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the schedule of expenditures of federal awards and schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
November 25, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

This discussion and analysis of the West Bend Joint School District #1's financial information provides an overall review of financial activities for the fiscal year. The analysis generally focuses on school district financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The District's overall financial position, as reflected in total net position, increased by \$13,854,715.
- The District's total assets increased by approximately \$16.7 million. The district's current assets including cash, investments and receivables increased by approximately \$16.5 million, while net capital assets (land, sites, buildings, and equipment) increased by approximately \$163 thousand.
- The District's total liabilities decreased by \$12.5 million. This is primarily due to the change in the net pension liability to an asset for 2019-20.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) management's discussion and analysis, 2) district-wide financial statements, 3) fund financial statements, and 4) notes to the financial statements. In addition, other supplementary information and required supplementary information to the basic financial statements are provided.

District-wide financial statements

- The district-wide financial statements include the statement of net position and statement of activities. These statements present an aggregate view of the district's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, call governmental activities, from functions that are intended to recover all or a significant portion of costs through user fees and charges called business type activities.
- The statement of net position presents information on all of the district's assets, deferred outflows of resources, deferred inflows of resources, and liabilities, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.
- The statement of activities presents information showing how the district's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 12 - 13 of this report.

Fund financial statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

- There are two fund financial statements, the balance sheet and the statement of revenues, expenditures and changes in fund balance. Generally, fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements it is useful to make comparison between the information presented. By doing so, readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the government funds statement or as a separate statement.
- The district has two kinds of funds: governmental and fiduciary. Governmental funds include the District's general, special revenue, debt service and capital project funds. The district has two fiduciary funds, the employee trust fund and an agency fund for student and parent organizations.
- Financial information is presented separately on both the balance sheet and the statement of revenues, expenditures and changes in fund balance for the general fund and referendum debt service as these are considered to be major funds. Data for each of the individual non-major funds is provided separated as supplementary information. The governmental fund financial statements are on pages 14 - 17 of this report.
- The District serves as a trustee, or fiduciary, for both the employee trust fund and for student and parent organizations. The assets of these organizations do not directly benefit nor are under the direct control of the district. The district's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations. Fiduciary fund statements are presented on pages 18 - 19.
- The District adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statements can be seen on pages 52 - 53.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 51 of this report.

The major features of the District's financial statements, including the portion of the activities reported and the type of information contained is shown in the table below.

| | District Wide Statements | Fund Financial Statements | |
|--|---|---|---|
| | | Governmental | Fiduciary |
| Scope | Entire district (except fiduciary funds). | The activities of the district that are not proprietary or fiduciary, such as instructional, support services, and community services | Assets held by the district on behalf of someone else. Student and other organizations that have funds on deposit with the district are reported here. |
| Required financial statements | Statement of net position, and Statement of activities. | Balance sheet, and Statement of revenues, expenditures and changes in fund balance. | Statement of fiduciary net position, and Statement of changes in fiduciary net position. |
| Basis of accounting and measurement focus | Accrual accounting. Economic resources focus. | Modified accrual accounting. Current financial resources focus. | Accrual accounting. Economic resources focus. |
| Type of asset and liability information | All assets and liabilities, both financial and capital, short-term and long-term. | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included. | All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can. |
| Type of inflow and outflow information | All revenues and expenses during the year, regardless of when cash is received or paid. | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable. | All additions or deductions during the year, regardless of when cash is received and paid. |

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS

The District as a Whole

Net position. Table 1, below, provides a summary of the district's net position for the year ended June 30, 2020 compared to June 30, 2019.

Table 1

Condensed Statement of Net Position
(in thousands of dollars)

| | Governmental Activities | | Total % Change |
|-----------------------------------|-------------------------|------------|----------------|
| | 2020 | 2019 | 2019-20 |
| Current and other assets | \$ 50,509 | \$ 34,020 | 48% |
| Capital assets | 69,567 | 69,404 | 0% |
| Total Assets | \$ 120,076 | \$ 103,424 | 16% |
| Deferred outflows of resources | \$ 27,508 | \$ 30,385 | -9% |
| Long-term liabilities outstanding | \$ 30,365 | \$ 33,946 | -11% |
| Other liabilities | 19,605 | 28,496 | -31% |
| Total liabilities | \$ 49,970 | \$ 62,442 | -20% |
| Deferred inflows of resources | \$ 26,125 | \$ 13,732 | 90% |
| Net position: | | | |
| Net investment in capital assets | \$ 43,416 | \$ 40,931 | 6% |
| Restricted | 26,810 | 12,701 | 111% |
| Unrestricted | 1,263 | 4,003 | -68% |
| Total net position | \$ 71,489 | \$ 57,635 | 24% |

The District's combined net position increased to \$71,488,872. Current and other assets increased approximately \$16.5 million while capital assets net of accumulated depreciation increased by approximately \$162,382. The increase in current and other assets is due to the adjustment of the net pension liability for the Wisconsin Retirement System to an asset in 2019-20.

Total liabilities decreased by 20% or \$12.5 million. This decrease is primarily due to a change in the net pension liability to an asset for 2019-20.

The calculation of net position uses a historical cost for school buildings that may not accurately reflect the true value.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Change in net position. Table 2 presents summarized operating results and changes in net position for the fiscal years 2020 and 2019.

Table 2
Changes in Net Position
(in thousands of dollars)

| | Governmental Activities | | Total % Change |
|------------------------------------|-------------------------|------------------|----------------|
| | 2020 | 2019 | 2019-20 |
| Revenues | | | |
| Program Revenues | | | |
| Charges for services | \$ 1,705 | \$ 2,451 | -30% |
| Operating grants and contributions | 13,721 | 14,102 | -3% |
| Capital grants and contributions | 177 | 120 | 48% |
| General revenues | | | |
| Property taxes | 42,039 | 39,247 | 7% |
| Stated and federal aid | 32,018 | 31,396 | 2% |
| Other | 847 | 1,052 | -19% |
| Total revenues | 90,507 | 88,368 | 2% |
| Expenses | | | |
| Instruction | 42,289 | 47,617 | -11% |
| Support services | 24,235 | 30,621 | -21% |
| Community services | 318 | 68 | 368% |
| Interest and fiscal charges | 948 | 915 | 4% |
| Depreciation | 2,417 | 2,490 | -3% |
| Non-program transactions | 6,445 | 5,871 | 10% |
| Total Expenses | 76,652 | 87,582 | -12% |
| Increase in net position | 13,855 | 786 | 1663% |
| Net position - beginning of year | 57,634 | 56,848 | |
| Net position - end of year | \$ 71,489 | \$ 57,634 | |

As shown, general revenues provide about 82.8% of the funding. Property taxes provide 46.4% of the total revenue for the governmental activities. In the prior year, general revenues provided 81.1% of funding and property taxes provided 44.4%.

- Total revenues increased \$2.1 million or 2%. Instructional program revenues, in the form of charges for services, operating grants and contributions, and capital grants and contributions, totaled approximately \$15.6 million.
- General revenues for operations accounted for \$74.9 million, which is about \$3.2 million more than last year. Property taxes increased \$2.8 million or 7.1% over the prior year.
- Expenses for governmental activities decreased by \$10.9 million or 12.5% and included a \$574 thousand increase in non-program transactions which include open enrollment out tuition payments. A combination of the remaining expenses decreased approximately \$11.5 million.
- The District recognized depreciation expense of \$2.4 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Governmental Activities

Net cost of governmental activities. Table 3 reports the net cost of six major district activities. The table shows each activity's net cost (total cost less fees generated locally or from state and federal agencies). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

Net Cost of Governmental Activities
(in thousands of dollars)

| | Net Cost of Services | | Total % Change |
|-----------------------------|----------------------|-----------|----------------|
| | 2020 | 2019 | 2019-20 |
| Instruction | \$ 30,174 | \$ 36,001 | -16% |
| Support services | 21,033 | 25,800 | -18% |
| Community services | 303 | 67 | 352% |
| Interest and fiscal charges | 925 | 915 | 1% |
| Depreciation - unallocated | 2,417 | 2,490 | -3% |
| Non-program transactions | 6,197 | 5,636 | 10% |
| Total | \$ 61,049 | \$ 70,909 | -14% |

- The net cost of services of all governmental activities decreased by \$9.9 million or 14%.
- Net instruction costs decreased approximately \$5.8 million and support services decreased \$4.8 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2020 fiscal year, the District had invested \$69.6 million in a broad range of capital assets, including buildings, sites, and equipment. The net amount invested in capital assets increased slightly between the 2020 and 2019 fiscal years. Additional information about capital assets can be found in Note 3.B.

Table 5
Outstanding Long-Term Obligations
(in thousands of dollars)

| | Governmental Activities | | Total % Change |
|-------------------------|-------------------------|------------------|----------------|
| | 2020 | 2019 | 2019-20 |
| General obligation debt | \$ 29,985 | \$ 33,546 | -11% |
| Other | 380 | 400 | -5% |
| Total | <u>\$ 30,365</u> | <u>\$ 33,946</u> | <u>-11%</u> |

- Capital asset additions in the current year include the wireless system, high school and middle school roof replacements, and technical equipment purchases.

Long-Term Debt

At year-end, the District had \$30.4 million in outstanding bonds, notes and other long-term obligations. Additional information about the District's long-term obligations is presented in Note 3.E. to the financial statements.

Table 5
Outstanding Long-Term Obligations
(in thousands of dollars)

| | Governmental Activities | | Total % Change |
|-------------------------|-------------------------|------------------|----------------|
| | 2020 | 2019 | 2019-20 |
| General obligation debt | \$ 29,985 | \$ 33,546 | -11% |
| Other | 380 | 400 | -5% |
| Total | <u>\$ 30,365</u> | <u>\$ 33,946</u> | <u>-11%</u> |

- The District's general obligation debt decreased by \$3.6 million.
- Other long-term obligations consist of debt premiums and compensated absences.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FACTORS BEARING ON THE DISTRICT'S FUTURE

Currently known circumstances that will impact the district's financial status in the future are:

- State's funding formula and commitment to support of public education
- The State of Wisconsin has an open enrollment law that allows students to attend the school district of their choice with few restrictions. The state adjusts each district's general state aid payment based on the number of students who transfer.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office, West Bend Joint School District #1, 735 S. Main St. West Bend, WI 53095.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2019)

| | Governmental Activities | |
|---|-------------------------|---------------|
| | 2020 | 2019 |
| ASSETS | | |
| Cash and Investments | \$ 29,977,227 | \$ 20,514,902 |
| Receivables: | | |
| Taxes | 9,174,822 | 8,637,462 |
| Accounts | 4,434 | 4,500 |
| Due from Other Governments | 2,691,420 | 4,843,229 |
| Inventories and Prepaid Items | 23,035 | 19,746 |
| Net Pension Asset | 8,638,627 | - |
| Capital Assets: | | |
| Nondepreciable | 2,426,762 | 1,551,702 |
| Depreciable, Net | 67,139,693 | 67,852,371 |
| Total Assets | 120,076,020 | 103,423,912 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Loss on Advance Refunding | 261,987 | 366,781 |
| Pension Related Amounts | 18,836,622 | 25,330,402 |
| Other Postemployment Related Amounts | 8,409,697 | 4,687,420 |
| Total Deferred Outflows of Resources | 27,508,306 | 30,384,603 |
| LIABILITIES | | |
| Accounts Payable | 986,443 | 1,916,974 |
| Accrued and Other Current Liabilities | 5,263,678 | 5,096,507 |
| Accrued Interest Payable | 237,753 | 198,344 |
| Due to Other Governments | 124 | - |
| Due to Fiduciary Funds: | | |
| Contributions | 2,269,016 | - |
| Unearned Revenues | 117,392 | 118,687 |
| Deposits Payable | 1,437,872 | 1,340,787 |
| Health and Dental Claims Payable | 856,000 | 890,048 |
| Long-Term Obligations: | | |
| Due in One Year | 3,981,684 | 3,818,701 |
| Due in More than One Year | 26,383,407 | 30,127,366 |
| Other Postemployment Benefits Liability | 8,436,692 | 9,139,806 |
| Net Pension Liability | - | 9,795,316 |
| Total Liabilities | 49,970,061 | 62,442,536 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension Related Amounts | 25,948,602 | 13,555,031 |
| Other Postemployment Related Amounts | 176,791 | 176,791 |
| Total Deferred Inflows of Resources | 26,125,393 | 13,731,822 |
| NET POSITION | | |
| Net Investment in Capital Assets | 43,415,690 | 40,930,707 |
| Restricted | 26,810,337 | 12,700,510 |
| Unrestricted | 1,262,845 | 4,002,940 |
| Total Net Position | \$ 71,488,872 | \$ 57,634,157 |

See accompanying Notes to Basic Financial Statements.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|--|----------------------|-------------------------|--|--|--|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | |
| | | | | | 2020 | 2019 |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| Instruction | \$ 42,288,751 | \$ 506,817 | \$ 11,607,991 | \$ - | \$ (30,173,943) | \$ (36,001,155) |
| Support Services | 24,235,248 | 1,182,903 | 1,978,212 | 41,142 | (21,032,991) | (25,799,831) |
| Community Services | 318,468 | 15,408 | - | - | (303,060) | (67,116) |
| Nonprogram | 6,444,753 | - | 112,246 | 135,618 | (6,196,889) | (5,636,587) |
| Interest and Fiscal Charges | 947,515 | - | 22,887 | - | (924,628) | (914,908) |
| Depreciation - Unallocated | 2,416,972 | - | - | - | (2,416,972) | (2,490,066) |
| Total Governmental Activities | \$ 76,651,707 | \$ 1,705,128 | \$ 13,721,336 | \$ 176,760 | (61,048,483) | (70,909,663) |
| General Revenues: | | | | | | |
| Property Taxes | | | | | 41,977,315 | 39,173,097 |
| Other Taxes | | | | | 61,338 | 74,087 |
| State and Federal Aids not Restricted to Specific Functions | | | | | 32,018,142 | 31,395,523 |
| Interest and Investment Earnings | | | | | 462,622 | 368,876 |
| Gain on Disposal of Capital Assets | | | | | - | 542,633 |
| Miscellaneous | | | | | 383,781 | 141,369 |
| Total General Revenues | | | | | 74,903,198 | 71,695,585 |
| Change in Net Position | | | | | 13,854,715 | 785,922 |
| Net Position - July 1 | | | | | 57,634,157 | 56,848,235 |
| Net Position - June 30 | | | | | \$ 71,488,872 | \$ 57,634,157 |

See accompanying Notes to Basic Financial Statements.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

| | General | Referendum Debt Service | Other Governmental Funds | Total | |
|--|----------------------|----------------------------|--------------------------------|----------------------|----------------------|
| | | | | 2020 | 2019 |
| ASSETS | | | | | |
| Cash and Investments | \$ 16,117,653 | \$ 7,641,903 | \$ 6,217,671 | \$ 29,977,227 | \$ 20,514,902 |
| Receivables: | | | | | |
| Taxes | 9,174,822 | - | - | 9,174,822 | 8,637,462 |
| Accounts | 4,434 | - | - | 4,434 | 4,500 |
| Due from Other Funds | 31,502 | - | 1,850,000 | 1,881,502 | 50,523 |
| Due from Other Governments | 2,443,143 | - | 248,277 | 2,691,420 | 4,843,229 |
| Inventories and Prepaid Items | 1,356 | - | 21,679 | 23,035 | 19,746 |
| Total Assets | \$ 27,772,910 | \$ 7,641,903 | \$ 8,337,627 | \$ 43,752,440 | \$ 34,070,362 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 442,005 | \$ - | \$ 544,438 | \$ 986,443 | \$ 1,916,974 |
| Accrued and Other Current Liabilities | 5,172,567 | - | 91,111 | 5,263,678 | 5,096,507 |
| Due to Other Funds | 4,119,016 | - | 31,502 | 4,150,518 | 50,523 |
| Due to Other Governments | - | - | 124 | 124 | - |
| Unearned Revenues | 9,212 | - | 108,180 | 117,392 | 118,687 |
| Deposits Payable | 1,437,872 | - | - | 1,437,872 | 1,340,787 |
| Health and Dental Claims Payable | 856,000 | - | - | 856,000 | 890,048 |
| Total Liabilities | 12,036,672 | - | 775,355 | 12,812,027 | 9,413,526 |
| Fund Balances: | | | | | |
| Nonspendable | 1,356 | - | 21,679 | 23,035 | 19,746 |
| Restricted | 3,205,288 | 7,641,903 | 7,540,593 | 18,387,784 | 12,881,280 |
| Committed | 3,263,013 | - | - | 3,263,013 | 4,557,775 |
| Unassigned | 9,266,581 | - | - | 9,266,581 | 7,198,035 |
| Total Fund Balances | 15,736,238 | 7,641,903 | 7,562,272 | 30,940,413 | 24,656,836 |
| Total Liabilities and Fund Balances | \$ 27,772,910 | \$ 7,641,903 | \$ 8,337,627 | \$ 43,752,440 | \$ 34,070,362 |

See accompanying Notes to Basic Financial Statements.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

| | 2020 | 2019 |
|---|---------------|---------------|
| RECONCILIATION TO THE STATEMENT OF NET POSITION | | |
| Total fund balances as shown on previous page | \$ 30,940,413 | \$ 24,656,836 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | 69,566,455 | 69,404,073 |
| Long-term assets are not available; therefore, are not reported in the funds | | |
| Net Pension Asset | 8,638,627 | - |
| Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds. | | |
| Loss on Advance Refunding | 261,987 | 366,781 |
| Deferred Outflows Related to Pensions | 18,836,622 | 25,330,402 |
| Deferred Inflows Related to Pensions | (25,948,602) | (13,555,031) |
| Deferred Outflows Related to Other Postemployment Benefits | 8,409,697 | 4,687,420 |
| Deferred Inflows Related to Other Postemployment Benefits | (176,791) | (176,791) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Bonds and Notes Payable | (29,985,000) | (33,546,000) |
| Premium on Debt | (123,407) | (142,366) |
| Compensated Absences | (256,684) | (257,701) |
| Other Postemployment Benefits Liability | (8,436,692) | (9,139,806) |
| Net Pension Liability | - | (9,795,316) |
| Accrued Interest on Long-Term Obligations | (237,753) | (198,344) |
| Net position of governmental activities as reported on the statement of net position (see page 12) | \$ 71,488,872 | \$ 57,634,157 |

See accompanying Notes to Basic Financial Statements.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

| | General | Referendum Debt Service | Other Governmental Funds | Total | |
|---|----------------------|----------------------------|--------------------------------|----------------------|----------------------|
| | | | | 2020 | 2019 |
| REVENUES | | | | | |
| Property Taxes | \$ 33,522,575 | \$ 5,550,000 | \$ 2,966,078 | \$ 42,038,653 | \$ 39,247,184 |
| Other Local Sources | 817,068 | - | 1,933,327 | 2,750,395 | 2,632,525 |
| Interdistrict Sources | 1,390,751 | - | - | 1,390,751 | 1,373,628 |
| Intermediate Sources | 50,600 | - | - | 50,600 | 10,463 |
| State Sources | 40,341,012 | - | 32,907 | 40,373,919 | 39,488,355 |
| Federal Sources | 2,485,089 | - | 2,092,475 | 4,577,564 | 4,938,060 |
| Other Sources | 240,846 | 22,887 | 104,779 | 368,512 | 285,127 |
| Total Revenues | 78,847,941 | 5,572,887 | 7,129,566 | 91,550,394 | 87,975,342 |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Regular Instruction | 30,172,620 | - | 800,792 | 30,973,412 | 30,768,849 |
| Vocational Instruction | 1,532,835 | - | 3,113 | 1,535,948 | 1,602,453 |
| Special Education Instruction | 9,582,107 | - | - | 9,582,107 | 9,409,054 |
| Other Instruction | 2,929,218 | - | 134,737 | 3,063,955 | 3,297,674 |
| Total Instruction | 44,216,780 | - | 938,642 | 45,155,422 | 45,078,030 |
| Support Services: | | | | | |
| Pupil Services | 3,437,893 | - | 156,124 | 3,594,017 | 3,672,347 |
| Instructional Staff Services | 3,096,280 | - | 130,150 | 3,226,430 | 4,553,180 |
| General Administration Services | 664,219 | - | 64,523 | 728,742 | 1,785,212 |
| School Administration Services | 3,262,808 | - | 13,573 | 3,276,381 | 3,437,396 |
| Business Services | 650,158 | - | - | 650,158 | 895,563 |
| Operations and Maintenance of Plant | 7,561,047 | - | 556,293 | 8,117,340 | 9,141,541 |
| Pupil Transportation Services | 2,148,359 | - | 135,923 | 2,284,282 | 2,571,107 |
| Food Services | - | - | 2,239,180 | 2,239,180 | 2,409,102 |
| Central Services | 2,101,987 | - | 1,067 | 2,103,054 | 2,052,437 |
| Insurance | 724,169 | - | 1,238 | 725,407 | 719,121 |
| Other Support Services | 1,967,407 | - | 51,798 | 2,019,205 | 362,728 |
| Total Support Services | 25,614,327 | - | 3,349,869 | 28,964,196 | 31,599,734 |
| Debt Service: | | | | | |
| Principal | - | 2,465,000 | 1,096,000 | 3,561,000 | 1,860,000 |
| Interest and Fiscal Charges | 2,757 | 744,941 | 74,573 | 822,271 | 836,041 |
| Total Debt Service | 2,757 | 3,209,941 | 1,170,573 | 4,383,271 | 2,696,041 |
| Community Service | - | - | 319,175 | 319,175 | 66,793 |
| Nonprogram: | | | | | |
| General Tuition Payments | 4,246,377 | - | - | 4,246,377 | 4,527,688 |
| Special Education Tuition Payments | 352,333 | - | - | 352,333 | 387,531 |
| Adjustments and Refunds | 19,274 | - | 91 | 19,365 | 20,505 |
| Voucher Payments | 1,826,678 | - | - | 1,826,678 | 936,217 |
| Total Nonprogram | 6,444,662 | - | 91 | 6,444,753 | 5,871,941 |
| Total Expenditures | 76,278,526 | 3,209,941 | 5,778,350 | 85,266,817 | 85,312,539 |
| EXCESS OF REVENUES OVER (UNDER) | | | | | |
| EXPENDITURES | 2,569,415 | 2,362,946 | 1,351,216 | 6,283,577 | 2,662,803 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from Sale of Capital Assets | - | - | - | - | 542,633 |
| Transfers In | - | - | - | - | 67,964 |
| Transfers Out | (2,000,000) | - | 2,000,000 | - | (67,964) |
| Total Other Financing Sources (Uses) | (2,000,000) | - | 2,000,000 | - | 542,633 |
| NET CHANGE IN FUND BALANCES | 569,415 | 2,362,946 | 3,351,216 | 6,283,577 | 3,205,436 |
| Fund Balances - July 1 | 15,166,823 | 5,278,957 | 4,211,056 | 24,656,836 | 21,451,400 |
| FUND BALANCES - JUNE 30 | \$ 15,736,238 | \$ 7,641,903 | \$ 7,562,272 | \$ 30,940,413 | \$ 24,656,836 |

See accompanying Notes to Basic Financial Statements.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

| | 2020 | 2019 |
|---|---------------|--------------|
| RECONCILIATION TO THE STATEMENT OF ACTIVITIES | | |
| Net change in fund balances as shown on previous page | \$ 6,283,577 | \$ 3,205,436 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital Assets Reported as Capital Outlay Reported in Governmental Fund Statements | 2,579,210 | 2,609,891 |
| Depreciation Expense Reported in the Statement of Activities | (2,416,972) | (2,490,066) |
| Net Book Value of Disposals | 144 | (144,163) |
| Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. | | |
| Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| Principal Repaid | 3,561,000 | 1,860,000 |
| 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 the governmental funds: | | |
| Accrued Interest on Long-Term Debt | (39,409) | 6,968 |
| Amortization of Premiums, Discounts, and Loss on Advance Refunding | (85,835) | (85,835) |
| Compensated Absences | 1,017 | (2,046) |
| Net Pension Liability (Asset) | 18,433,943 | (18,235,421) |
| Deferred Outflows of Resources Related to Pensions | (6,493,780) | 11,240,369 |
| Deferred Inflows of Resources Related to Pensions | (12,393,571) | 3,170,826 |
| Other Postemployment Benefits | 703,114 | (16,225) |
| Deferred Outflows of Resources Related to Other Postemployment Benefits | 3,722,277 | (352,228) |
| Deferred Inflows of Resources Related to Other Postemployment Benefits | - | 18,416 |
| Change in net position of governmental activities as reported in the statement of activities (see pages 13 - 14) | \$ 13,854,715 | \$ 785,922 |

See accompanying Notes to Basic Financial Statements.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

| | Employee | Agency | Total | |
|------------------------------|---------------------|----------------|---------------------|---------------------|
| | Benefit Trust | Pupil Activity | 2020 | 2019 |
| ASSETS | | | | |
| Cash and Investments | \$ 2,905,980 | \$ 667,739 | \$ 3,573,719 | \$ 4,877,949 |
| Accounts Receivable | - | - | - | 1,436,980 |
| Due from General Fund: | | | | |
| Contributions | 2,269,016 | - | 2,269,016 | - |
| Total Assets | 5,174,996 | 667,739 | 5,842,735 | 6,314,929 |
| LIABILITIES | | | | |
| Accounts Payable | 1,408,966 | - | 1,408,966 | 2,650,327 |
| Other Deposits Payable | - | - | - | - |
| Due to Student Organizations | - | 667,739 | 667,739 | 829,296 |
| Total Liabilities | 1,408,966 | 667,739 | 2,076,705 | 3,479,623 |
| NET POSITION | | | | |
| Restricted | <u>\$ 3,766,030</u> | <u>\$ -</u> | <u>\$ 3,766,030</u> | <u>\$ 2,835,306</u> |

See accompanying Notes to Basic Financial Statements.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

| | Employee Benefit Trust | |
|-------------------------------|------------------------|--------------|
| | 2020 | 2019 |
| ADDITIONS | | |
| Contributions: | | |
| Employer | \$ 2,200,000 | \$ 1,250,000 |
| Investment Earnings | 70,674 | 100,031 |
| Total Additions | 2,270,674 | 1,350,031 |
| DEDUCTIONS | | |
| Trust Fund Disbursements | 1,339,950 | 1,386,498 |
| CHANGE IN NET POSITION | 930,724 | (36,467) |
| Net Position - July 1 | 2,835,306 | 2,871,773 |
| NET POSITION - JUNE 30 | \$ 3,766,030 | \$ 2,835,306 |

See accompanying Notes to Basic Financial Statements.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the West Bend Joint School District #1, West Bend, Wisconsin (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

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

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements.

B. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are primarily supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. District-Wide and Fund Financial Statements (Continued)

General Fund

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Referendum Debt Service Fund

This fund accounts for debt service proceeds, payments, and other charges for referendum debt.

Additionally, the District reports the following fund types:

- The *employee benefit trust fund* is used to account for resources legally held in trust for other postemployment benefits.
- The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.
- The District accounts for the acquisition or construction of major capital facilities and long-term projects in the *Capital Projects* funds.
- The District accounts for community activities and departmental activity in the *Special Revenue* funds.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for nonpayment of a scheduled installment, and full receipt of the entire levy is assured within 60 days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

5. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

6. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefitted.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

7. Capital Assets

Capital assets, which include property, plant and equipment assets, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Salvage value is 10% of the asset's original cost.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

7. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

| | |
|----------------------------|----------------|
| Land Improvements | 10 to 20 Years |
| Buildings and Improvements | 20 to 50 Years |
| Machinery and Equipment | 4 to 15 Years |

8. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the district-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

10. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

10. Long-Term Obligations (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pensions

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.

12. Other Postemployment Benefits Other Than Pensions (OPEB)

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

13. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

13. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- **Assigned fund balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

District-Wide Statements

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

- **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted net position.** Amount of net position that is subject to restrictions that are imposed 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.
- **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

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

F. Prior Year Information

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

G. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the fiduciary funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the District's cash and investments totaled \$33,550,946 on June 30, 2020 as summarized below:

| | |
|---|----------------------|
| Petty Cash and Cash on Hand | \$ 400 |
| Deposits with Financial Institutions | 3,089,624 |
| Certificates of Deposit | 53,039 |
| Investments: | |
| Wisconsin Investment Series Cooperative (WISC): | |
| Cash Management Series | 68,526 |
| Limited Duration Series | 1,109,991 |
| Investment Series | 25,794,177 |
| Money Market | 155 |
| Wisconsin Local Government Investment Pool | 3,435,034 |
| Total | <u>\$ 33,550,946</u> |

Reconciliation to the basic financial statements:

| | |
|--|----------------------|
| Government-Wide Statement of Net Position: | |
| Cash and Investments | \$ 29,977,227 |
| Fiduciary Fund Statement of Net Position: | |
| Employee Benefit Trust | 2,905,980 |
| Agency Fund | 667,739 |
| Total | <u>\$ 33,550,946</u> |

Fair Value Measurements

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

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

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)

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

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

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions.

The District has the following fair value measurements as of June 30, 2020:

| | Fair Value Measurements Using: | | |
|------------------------------|--------------------------------|-------------|-------------|
| | Level 1 | Level 2 | Level 3 |
| Investments: | | | |
| Money Market Mutual Funds | \$ 155 | \$ - | \$ - |
| WISC Investments: | | | |
| Cash Management Series | 68,526 | - | - |
| Limited Term Duration Series | 1,109,991 | - | - |
| Investment Series | 25,794,177 | - | - |
| | <u>\$ 26,972,849</u> | <u>\$ -</u> | <u>\$ -</u> |

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District’s deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2020, \$3,902,178 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

| <u>Investment Type</u> | <u>Amount</u> | <u>Exempt from Disclosure</u> | <u>AAA</u> | <u>Aa</u> | <u>Not Rated</u> |
|---|----------------------|---------------------------------------|----------------------|---------------------|----------------------|
| <i>Wisconsin Investment Series Cooperative:</i> | | | | | |
| Cash Management Series | \$ 68,526 | \$ - | \$ 68,526 | \$ - | \$ - |
| Limited Duration Series | 1,109,991 | - | - | 1,109,991 | - |
| Investment Series | 25,794,177 | - | 25,794,177 | - | - |
| Money Market | 155 | - | - | - | 155 |
| Wisconsin Local Government Investment Pool | 3,435,034 | - | - | - | 3,435,034 |
| Total | <u>\$ 30,407,883</u> | <u>\$ -</u> | <u>\$ 25,862,703</u> | <u>\$ 1,109,991</u> | <u>\$ 3,435,189</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

| Investment Type | Amount | Remaining Maturity (in Months) | | | |
|--|----------------------|--------------------------------|-----------------|-----------------|---------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Wisconsin Investment Series Cooperative: | | | | | |
| Cash Management Series | \$ 68,526 | \$ 68,526 | \$ - | \$ - | \$ - |
| Limited Duration Series | 1,109,991 | 1,109,991 | - | - | - |
| Investment Series | 25,794,177 | 25,794,177 | - | - | - |
| Money Market | 155 | 155 | - | - | - |
| Wisconsin Local Government Investment Pool | 3,435,034 | 3,435,034 | - | - | - |
| Total | <u>\$ 30,407,883</u> | <u>\$ 30,407,883</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$26,972,694 at year-end consisting of \$68,526 invested in the Cash Management Series, \$1,109,991 invested in the Limited Duration Series, and \$25,794,177 invested in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperate Statute, Wisconsin Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$3,435,034 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|-----------------|----------------------|
| Governmental Activities: | | | | |
| Capital Assets, Nondepreciable: | | | | |
| Land | \$ 1,551,702 | \$ - | \$ - | \$ 1,551,702 |
| Construction in Progress | - | 875,060 | - | 875,060 |
| Total Capital Assets, Nondepreciable | 1,551,702 | 875,060 | - | 2,426,762 |
| Capital Assets, Depreciable: | | | | |
| Land Improvements | 3,580,535 | - | - | 3,580,535 |
| Buildings and Improvements | 96,653,123 | 1,115,739 | - | 97,768,862 |
| Machinery and Equipment | 7,254,175 | 588,411 | 605,962 | 7,236,624 |
| Subtotal | 107,487,833 | 1,704,150 | 605,962 | 108,586,021 |
| Less: Accumulated Depreciation for: | | | | |
| Land Improvements | 1,842,792 | 154,422 | - | 1,997,214 |
| Buildings and Improvements | 33,114,697 | 1,856,666 | - | 34,971,363 |
| Machinery and Equipment | 4,677,973 | 405,884 | 606,106 | 4,477,751 |
| Subtotal | 39,635,462 | 2,416,972 | 606,106 | 41,446,328 |
| Total Capital Assets, Depreciable, Net | 67,852,371 | (712,822) | (144) | 67,139,693 |
| Governmental Activities Capital Assets, Net | <u>\$ 69,404,073</u> | <u>\$ 162,238</u> | <u>\$ (144)</u> | 69,566,455 |
| Less: Capital Related Debt | | | | 25,760,000 |
| Less: Debt Premium | | | | 123,407 |
| Less: Construction and Retainage Payable | | | | 529,345 |
| Add: Loss on refunding | | | | 261,987 |
| Net Investment in Capital Assets | | | | <u>\$ 43,415,690</u> |

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense. The District's depreciation expense for the fiscal year June 30, 2020 was \$2,416,972.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2020 are detailed below:

| | Interfund Receivables | Interfund Payables |
|---|--------------------------|-----------------------|
| Temporary Cash Advances to Finance Future Capital Improvements: | | |
| Governmental Funds: | | |
| General | \$ 31,502 | \$ 4,119,016 |
| Nonmajor Fund - Capital Improvement Trust | 1,850,000 | - |
| Nonmajor Fund - Head Start | - | 31,502 |
| Contributions to Trust Fund: | | |
| Fiduciary Funds: | | |
| Employee Benefit Trust | 2,269,016 | - |
| Total | \$ 4,150,518 | \$ 4,150,518 |

Interfund transfers for the year ended June 30, 2020 were as follows:

| Fund | Transfer In | Transfer Out |
|--------------------------------------|----------------|-----------------|
| General | \$ - | \$ 2,000,000 |
| Nonmajor - Food service | 150,000 | - |
| Nonmajor - Capital Improvement Trust | 1,850,000 | - |
| Total | \$ 2,000,000 | \$ 2,000,000 |

The interfund transfer was made to cover food service expenditures and future capital project expenditures.

D. Short-Term Obligations

The District issued tax and revenue anticipation promissory notes in advance of property tax collections. The notes are needed because District expenditures for the year begin in July whereas tax collections are not received until January and therefore the borrowing is used for cash flow purposes. The note was issued on November 26, 2019 and allowed the District to borrow from time to time a total not to exceed \$2,500,000. Amounts borrowed were payable November 1, 2020. Short-term debt activity for the year ended June 30, 2020 was as follows:

| | Outstanding 7/1/19 | Issued | Retired | Outstanding 6/30/20 |
|------------------------------------|-----------------------|--------------|--------------|------------------------|
| Tax and Revenue Anticipation Notes | \$ - | \$ 2,500,000 | \$ 2,500,000 | \$ - |

Total interest paid for the year on short-term debt totaled \$2,757.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2020:

| | Beginning Balance | Issued | Retired | Ending Balance | Due Within One Year |
|--|----------------------|------------------|---------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| General Obligation Debt: | | | | | |
| Bonds | \$ 30,550,000 | \$ - | \$ 2,175,000 | \$ 28,375,000 | \$ 3,525,000 |
| Notes | 2,996,000 | - | 1,386,000 | 1,610,000 | 200,000 |
| Total General Obligation Debt | 33,546,000 | - | 3,561,000 | 29,985,000 | 3,725,000 |
| Debt Premium | 142,366 | - | 18,959 | 123,407 | - |
| Compensated Absences | 257,701 | 84,629 | 85,646 | 256,684 | 256,684 |
| Governmental Activities Long-Term Obligations | <u>\$ 33,946,067</u> | <u>\$ 84,629</u> | <u>\$ 3,665,605</u> | <u>\$ 30,365,091</u> | <u>\$ 3,981,684</u> |

Total interest paid during the year on long-term debt totaled \$819,513.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 6/30/20 |
|---|------------------|-------------------|-------------------|--------------------------|----------------------|
| General Obligation Bonds | 9/15/10 | 9/15/24 | 1.75% | \$ 7,300,000 | \$ 5,125,000 |
| General Obligation Bonds | 4/1/10 | 10/1/25 | 4.75 - 4.80% | 3,250,000 | 2,470,000 |
| General Obligation Bonds | 12/10/12 | 4/1/23 | 2.15 - 2.60% | 4,485,000 | 1,755,000 |
| General Obligation Bonds | 3/1/13 | 4/1/28 | 2.50 - 2.75% | 9,985,000 | 9,985,000 |
| General Obligation Bonds | 4/1/13 | 10/1/26 | 2.00% | 10,000,000 | 9,040,000 |
| General Obligation Notes | 9/2/14 | 4/1/23 | 2.50 - 3.00% | 800,000 | 610,000 |
| General Obligation Notes | 4/15/15 | 3/16/24 | 0.00% | 1,000,000 | 1,000,000 |
| Total Outstanding General Obligation Debt | | | | | <u>\$ 29,985,000</u> |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$29,985,000 on June 30, 2020 are detailed below:

| Year Ending June 30, | Governmental Activities | | |
|-------------------------|-------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2021 | \$ 3,725,000 | \$ 748,919 | \$ 4,473,919 |
| 2022 | 3,785,000 | 680,763 | 4,465,763 |
| 2023 | 3,855,000 | 608,656 | 4,463,656 |
| 2024 | 4,090,000 | 532,937 | 4,622,937 |
| 2025 | 4,240,000 | 413,642 | 4,653,642 |
| 2026 - 2028 | 10,290,000 | 556,826 | 10,846,826 |
| | <u>\$ 29,985,000</u> | <u>\$ 3,541,743</u> | <u>\$ 33,526,743</u> |

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2020 was \$496,475,516 as follows:

| | |
|--|-----------------------|
| Equalized Valuation of the District | \$ 5,264,605,159 |
| Statutory Limitation Percentage | (x) <u>10%</u> |
| General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes | 526,460,516 |
| Total Outstanding General Obligation Debt Applicable to Debt Limitation | <u>29,985,000</u> |
| Legal Margin for New Debt | <u>\$ 496,475,516</u> |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan

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, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

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

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

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

The WRS also provides death and disability benefits for employees.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Postretirement Adjustments

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 2010 | (1.3) | 22 |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | (5) |
| 2017 | 2.0 | 4 |
| 2018 | 2.4 | 17 |
| 2019 | 0.0 | (10) |

Contributions

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

During the year ending June 30, 2020, the WRS recognized \$2,734,372 in contributions from the District.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Contributions (Continued)

Contribution rates for the reporting period are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|---|-----------------|-----------------|
| General (Including Teachers, Executives, and Elected Officials) | 6.55% | 6.55% |
| Protective With Social Security | 6.55% | 10.55% |
| Protective Without Social Security | 6.55% | 14.95% |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Related to Pensions

At June 30, 2020, the District reported an asset of \$8,638,627 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was .26790955%, which was a decrease of .00741871% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$3,224,527.

At June 30, 2020, 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 | \$ 16,398,087 | \$ 8,206,145 |
| Net Differences Between Projected and Actual | | |
| Earnings on Pension Plan Investments | - | 17,660,424 |
| Changes in Assumptions | 673,177 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 46,121 | 82,033 |
| Employer Contributions Subsequent to the Measurement Date | 1,719,237 | - |
| Total | <u>\$ 18,836,622</u> | <u>\$ 25,948,602</u> |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Related to Pensions (Continued)

\$1,719,237 reported as deferred outflows related to pension resulting from the District'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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending June 30, | Expense |
|-------------------------|-----------------------|
| 2021 | \$ (2,623,547) |
| 2022 | (1,959,961) |
| 2023 | 304,540 |
| 2024 | (4,552,249) |
| Total | <u>\$ (8,831,217)</u> |

Actuarial Assumptions

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

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

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

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

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

| | <u>Current Asset Allocation %</u> | <u>Long-Term Expected Nominal Rate of Return %</u> | <u>Long-Term Expected Real Rate of Return %</u> |
|----------------------------|---------------------------------------|--|---|
| Core Fund Asset Class: | | | |
| Global Equities | 49% | 8.0% | 5.1% |
| Fixed Income | 24.5% | 4.9% | 2.1% |
| Inflation Sensitive Assets | 15.5% | 4.0% | 1.2% |
| Real Estate | 9% | 6.3% | 3.5% |
| Private Equity/Debt | 8% | 10.6% | 7.6% |
| Multi-Asset | 4% | 6.9% | 4.0% |
| Cash | -10% | 0.9% | NA |
| Total Core Fund | 100% | 7.5% | 4.6% |
| Variable Fund Asset Class: | | | |
| U.S. Equities | 70% | 7.5% | 4.6% |
| International Equities | 30% | 8.2% | 5.3% |
| Total Variable Fund | 100% | 7.8% | 4.9% |

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease to Discount Rate (6.0%) | Current Discount Rate (7.0%) | 1% Increase to Discount Rate (8.0%) |
|---|---|------------------------------------|---|
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 22,246,008 | \$ (8,638,627) | \$ (31,728,443) |

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>.

Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$291,270 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2020.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. Effective January 1, 2015, the District implemented a tiered benefit program. As of December 31, 2014 active employees over the age of 50 were classified as Tier 1, employees between the age of 40 and 49.9 were classified as Tier 2, all other employees were classified as Tier 3. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

Employees that meet the Tier 1 requirements, receive medical benefits equal to the same medical program available to active employees until the employee has reached Medicare eligibility. Employees that met the Tier 2 & 3 requirements below, receive a District contribution to the employee's TSA/403(b) account at retirement.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive Employees or Beneficiaries Currently Receiving Benefit Payments | 84 |
| Active Employees | 569 |
| Total | 653 |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Contributions

Tier 1 Employee

Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premium based on the employee group and their retirement date.

Tier 2 Employee

The District will credit each year a contribution credit to the individual based on the following schedule:

| <u>Years of Service</u> | <u>Contribution Credit</u> |
|-------------------------|----------------------------|
| 1 to 3 | 0% |
| 4 to 9 | 2% |
| 10 to 14 | 3% |
| 15 or more | 4% |

Employees are also eligible for a one-time prior service credit based on their age and years of service as of January 1, 2014 - see plan documents for specific calculations.

Tier 3 Employee

The District will credit each year a contribution credit to the individual based on the following schedule:

| <u>Years of Service</u> | <u>Contribution Credit</u> |
|-------------------------|----------------------------|
| 1 to 3 | 0% |
| 4 to 9 | 2% |
| 10 to 14 | 3% |
| 15 or more | 4% |

These employees are not eligible for the past service credits.

Investments. The Plan does not have a separate investment policy from the District. At June 30, 2020, the Plan had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments. The Plan's investments at June 30, 2020 are entirely in cash and in short-term investments in the Wisconsin Investment Series Cooperative. The asset allocation policy is to invest entirely in cash and short-term investments. The investment in the Wisconsin Investment Series Cooperative has an expected rate of return of approximately 3.5%. For the year ended June 30, 2020, the annual money-weighted rate of return, net of investment expenses, was 1.66%, and this is assumed to be the best estimate of the long-term arithmetic rate of return for the Plan's investments.

OPEB plan information. At June 30, 2020, the Plan's total OPEB liability was \$9,890,246 and fiduciary net position was \$2,398,098, resulting in a net OPEB liability of \$7,492,148. The net OPEB liability for purposes of Plan reporting was measured at June 30, 2020 and the total OPEB liability was determined using an actuarial valuation at June 30, 2019, rolled forward to the measurement date of June 30, 2020. Plan fiduciary net position was 24.25% of the total OPEB liability.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

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

| | |
|------------------------------|--|
| Amortization Method: | Entry Age Normal - Level % of Salary |
| Inflation: | 2.50% |
| Salary Increases: | 3.00% |
| Investment Rate of Return: | 3.50% |
| Healthcare Cost Trend Rates: | Medical Claim Trend - 7.5% Decreasing by 0.5% Per Year Down to 6.5% and 0.1% thereafter |
| Dental Cost Trend Rates: | 5% Per Year |

Mortality rates are based on the Wisconsin 2018 Mortality table adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied 60%).

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience form 2015-2017.

The long-term expected rate of return on OPEB plan investments was valued at 3.50% using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses 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.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to 4.0% of the annual payroll expected to be paid in future years. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|--|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (a) - (b) |
| Balance at June 30, 2018 | \$ 12,011,579 | \$ 2,871,733 | \$ 9,139,846 |
| Changes for the Year: | | | |
| Service Cost | 1,029,376 | - | 1,029,376 |
| Interest | 295,825 | - | 295,825 |
| Change in accounting principle | (5,147,637) | - | (5,147,637) |
| Difference Between Expected and Actual Experience | 1,209,653 | - | 1,209,653 |
| Changes in assumptions or other input | 1,891,807 | - | 1,891,807 |
| Employer Contributions | - | 1,250,000 | (1,250,000) |
| Net Investment Income | - | 57,898 | (57,898) |
| Benefit Payments | (1,386,497) | (1,386,497) | - |
| Adjustment | - | (1,325,760) | 1,325,760 |
| Net Changes | <u>(2,107,473)</u> | <u>(1,404,359)</u> | <u>(703,114)</u> |
| Balance at June 30, 2019 | <u>\$ 9,904,106</u> | <u>\$ 1,467,374</u> | <u>\$ 8,436,732</u> |

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

| | 1% Decrease to Discount Rate (2.5%) | Current Discount Rate (3.5%) | 1% Increase to Discount Rate (4.5%) |
|----------------------|---|------------------------------------|---|
| Total OPEB liability | \$ 10,209,400 | \$ 9,904,106 | \$ 9,607,272 |

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

| | 1% Decrease (6.5% Decreasing to 4.0%) | Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%) | 1% Increase (8.5% Decreasing to 6.0%) |
|----------------------|---|--|---|
| Total OPEB liability | \$ 9,581,964 | \$ 9,904,106 | \$ 10,244,587 |

OPEB Plan Fiduciary Net Position. Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,807,629. At June 30, 2020, 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 | \$ 4,198,288 | \$ - |
| Changes in Assumptions | 1,702,626 | 176,791 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | 308,783 | - |
| District Contributions Subsequent to the Measurement Date | 2,200,000 | - |
| Total | <u>\$ 8,409,697</u> | <u>\$ 176,791</u> |

\$2,200,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020, and reported in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

| <u>Year Ending June 30,</u> | <u>Expense</u> |
|-----------------------------|---------------------|
| 2021 | \$ 759,135 |
| 2022 | 759,136 |
| 2023 | 622,940 |
| 2024 | 614,060 |
| 2025 | 611,622 |
| Thereafter | 2,666,013 |
| Total | <u>\$ 6,032,906</u> |

Payable to the OPEB Plan

At June 30, 2020, the District reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended June 30, 2020.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2020, nonspendable fund balance was as follows:

| | General | Nonmajor |
|-------------------------------|----------|-----------|
| Nonspendable: | | |
| Inventories and Prepaid Items | \$ 1,356 | \$ 21,679 |

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2020, restricted fund balance was as follows:

| | |
|-------------------------------|---------------|
| General Fund: | |
| Restricted for | |
| Self-Insurance | \$ 3,205,288 |
| Special Revenue Funds: | |
| Restricted for | |
| Food Service Programs | 266,234 |
| Community Service Activities | 158,847 |
| Donations | 234,408 |
| Debt Service Funds: | |
| Restricted for | |
| Referendum Debt Service | 7,641,903 |
| Non-Referendum Debt Service | 964,191 |
| Capital Projects Fund: | |
| Restricted for | |
| Capital Improvements | 3,653,620 |
| Capital Projects | 2,263,293 |
| Total Restricted Fund Balance | \$ 18,387,784 |

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2020, fund balance was committed as follows:

| | |
|------------------------------|--------------|
| General Fund: | |
| Committed for | |
| Jackson | \$ 2,224,982 |
| Other Capital Projects | 125,000 |
| HRA | 913,031 |
| Total Committed Fund Balance | \$ 3,263,013 |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Minimum General Fund Balance Policy

The District has also adopted a total minimum fund balance policy of 14% - 18% of expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

| | | |
|---------------------------------------|-----|-------------------------------------|
| 2019 - 2020 General Fund Expenditures | \$ | 76,278,526 |
| Minimum Fund Balance % | (x) | 14% to 18% |
| Minimum Fund Balance Amount | | <u>\$10,678,994 to \$13,730,135</u> |

The District's total General Fund balance of \$15,736,238 is above the minimum fund balance amount.

Restricted Fiduciary Fund Net Position

In the fund financial statements, portions of fiduciary fund net position are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2020, restricted fiduciary fund net position was as follows:

Fiduciary Funds:

| | | |
|-------------------------|----|------------------|
| Restricted for | | |
| Postemployment Benefits | \$ | <u>3,766,030</u> |

Net Position

The District reports restricted net position at June 30, 2020 as follows:

Governmental Activities:

| | | |
|-------------------------------|----|----------------------|
| Restricted for | | |
| Self-Insurance | \$ | 3,205,288 |
| Food Service Programs | | 287,913 |
| Donations | | 234,408 |
| Community Service Activities | | 158,847 |
| Debt Service | | 8,368,341 |
| Capital Projects | | 5,916,913 |
| Net Pension Asset | | 8,638,627 |
| Total Restricted Net Position | | <u>\$ 26,810,337</u> |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

Self-Funded Insurance Program

The District has a self-insured workers' compensation benefit plan for its employees. The Plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2020.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District.

As part of the workers' compensation coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$250,000 per individual and/or 100% of the annual estimated claims as provided by the claims administrator. For the year ended June 30, 2020, the aggregate claim limit was \$8,463,625. The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2020, the District has reported a liability of \$856,000 which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2019 and June 30, 2020 are as follows:

| | Liability July 1 | Current Year Claims and Changes in Estimates | Claims Payments | Liability June 30 |
|------|---------------------|---|--------------------|----------------------|
| 2019 | \$ 772,135 | \$ 11,610,589 | \$ 11,492,676 | \$ 890,048 |
| 2020 | 890,048 | 8,463,625 | 8,497,673 | 856,000 |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Contingencies

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Uniform Guidance has been conducted but final acceptance is still pending. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management 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.

C. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

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

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

D. Risks and Uncertainties

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the District, COVID-19 may impact various parts of its 2020-2021 operations and financial results including, but not limited to, costs for emergency preparedness, shortages of personnel and potential delays in collections of revenues. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred and subsequent to year end, are still developing.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 OTHER INFORMATION (CONTINUED)

E. Select Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after June 15, 2021. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020

| | Budget | | Actual | Variance |
|---|----------------------|----------------------|----------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Property Taxes | \$ 33,522,737 | \$ 33,521,237 | \$ 33,522,575 | \$ 1,338 |
| Other Local Sources | 766,200 | 766,200 | 817,068 | 50,868 |
| Interdistrict Sources | 1,312,286 | 1,312,286 | 1,314,501 | 2,215 |
| Intermediate Sources | - | - | 43,850 | 43,850 |
| State Sources | 37,208,451 | 37,246,656 | 37,862,164 | 615,508 |
| Federal Sources | 512,551 | 512,551 | 815,377 | 302,826 |
| Other Sources | 215,000 | 215,000 | 240,846 | 25,846 |
| Total Revenues | <u>73,537,225</u> | <u>73,573,930</u> | <u>74,616,381</u> | <u>1,042,451</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Regular Instruction | 33,338,465 | 30,700,098 | 30,172,620 | 527,478 |
| Vocational Instruction | 1,446,805 | 1,470,200 | 1,532,835 | (62,635) |
| Other Instruction | <u>2,574,923</u> | <u>2,580,116</u> | <u>2,929,218</u> | <u>(349,102)</u> |
| Total Instruction | 37,360,193 | 34,750,414 | 34,634,673 | 115,741 |
| Support Services: | | | | |
| Pupil Services | 2,519,485 | 2,574,869 | 2,502,530 | 72,339 |
| Instructional Staff Services | 2,785,602 | 2,754,113 | 2,743,412 | 10,701 |
| General Administration Services | 696,149 | 644,425 | 664,219 | (19,794) |
| School Administration Services | 3,276,207 | 3,389,475 | 3,262,808 | 126,667 |
| Business Services | 598,430 | 657,680 | 650,158 | 7,522 |
| Operations and Maintenance of Plant | 6,366,663 | 6,281,890 | 7,551,075 | (1,269,185) |
| Pupil Transportation Services | 2,659,131 | 2,123,200 | 1,764,498 | 358,702 |
| Central Services | 1,898,455 | 2,134,745 | 2,101,389 | 33,356 |
| Insurance | 718,372 | 726,400 | 724,169 | 2,231 |
| Other Support Services | <u>767,470</u> | <u>1,981,150</u> | <u>1,967,406</u> | <u>13,744</u> |
| Total Support Services | 22,285,964 | 23,267,947 | 23,931,664 | (663,717) |
| Debt Service: | | | | |
| Interest and Fiscal Charges | <u>5,000</u> | <u>7,800</u> | <u>2,757</u> | <u>5,043</u> |
| Nonprogram: | | | | |
| General Tuition Payments | 4,866,149 | 4,290,518 | 4,246,377 | 44,141 |
| Adjustments and Refunds | 5,000 | 12,800 | 19,273 | (6,473) |
| Voucher Payments | <u>1,855,825</u> | <u>1,855,825</u> | <u>1,826,678</u> | <u>29,147</u> |
| Total Nonprogram | 6,726,974 | 6,159,143 | 6,092,328 | 66,815 |
| Total Expenditures | <u>66,378,131</u> | <u>64,185,304</u> | <u>64,661,422</u> | <u>(476,118)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>7,159,094</u> | <u>9,388,626</u> | <u>9,954,959</u> | <u>566,333</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>(7,159,094)</u> | <u>(9,053,249)</u> | <u>(9,385,544)</u> | <u>(332,295)</u> |
| Total Other Financing Sources (Uses) | <u>(7,159,094)</u> | <u>(9,053,249)</u> | <u>(9,385,544)</u> | <u>(332,295)</u> |
| NET CHANGE IN FUND BALANCE | - | 335,377 | 569,415 | 234,038 |
| Fund Balances - July 1 | <u>15,166,823</u> | <u>15,166,823</u> | <u>15,166,823</u> | - |
| FUND BALANCES - JUNE 30 | <u>\$ 15,166,823</u> | <u>\$ 15,502,200</u> | <u>\$ 15,736,238</u> | <u>\$ 234,038</u> |

See accompanying Notes to Required Supplementary Information.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020

| | Budget | | Actual | Variance |
|---|--------------------|--------------------|--------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Interdistrict Sources | \$ 51,000 | \$ 76,250 | \$ 76,250 | \$ - |
| Intermediate Sources | 10,000 | 10,000 | 6,750 | (3,250) |
| State Sources | 2,602,055 | 2,499,847 | 2,478,848 | (20,999) |
| Federal Sources | 1,923,504 | 2,119,444 | 1,669,712 | (449,732) |
| Total Revenues | <u>4,586,559</u> | <u>4,705,541</u> | <u>4,231,560</u> | <u>(473,981)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Regular Instruction | 805 | - | - | - |
| Special Education Instruction | 9,444,472 | 10,035,437 | 9,582,108 | 453,329 |
| Other Instruction | 12,725 | - | - | - |
| Total Instruction | <u>9,458,002</u> | <u>10,035,437</u> | <u>9,582,108</u> | <u>453,329</u> |
| Support Services: | | | | |
| Pupil Services | 970,525 | 916,936 | 935,363 | (18,427) |
| Instructional Staff Services | 479,609 | 514,019 | 352,868 | 161,151 |
| Operations and Maintenance of Plant | 7,000 | 13,500 | 9,972 | 3,528 |
| Pupil Transportation Services | 529,593 | 448,978 | 383,861 | 65,117 |
| Central Services | 7,700 | 7,700 | 598 | 7,102 |
| Total Support Services | <u>1,994,427</u> | <u>1,901,133</u> | <u>1,682,662</u> | <u>218,471</u> |
| Nonprogram: | | | | |
| Special Education Tuition Payments | 265,224 | 386,970 | 352,333 | 34,637 |
| Adjustments and Refunds | - | - | 1 | (1) |
| Total Nonprogram | <u>265,224</u> | <u>386,970</u> | <u>352,334</u> | <u>34,636</u> |
| Total Expenditures | <u>11,717,653</u> | <u>12,323,540</u> | <u>11,617,104</u> | <u>706,436</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(7,131,094)</u> | <u>(7,617,999)</u> | <u>(7,385,544)</u> | <u>232,455</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | 7,131,094 | 7,617,999 | 7,385,544 | (232,455) |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| Fund Balances - July 1 | - | - | - | - |
| FUND BALANCES - JUNE 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT DATES***

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---------------------|---------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 1,029,376 | \$ 1,029,376 | \$ 1,004,269 | \$ 1,038,782 | \$ 933,586 |
| Interest | 365,730 | 295,825 | 307,659 | 290,156 | 177,237 |
| Changes in accounting principle | - | (5,147,637) | - | - | - |
| Differences Between Expected and Actual Experience | - | 1,209,653 | - | 688,098 | 3,325,190 |
| Changes of Assumptions | - | 1,891,807 | - | - | (232,039) |
| Benefit Payments | (1,408,966) | (1,386,497) | (1,204,894) | (1,359,839) | (1,769,785) |
| Net change in Total OPEB Liability | (13,860) | (2,107,473) | 107,034 | 657,197 | 2,434,189 |
| Total OPEB Liability - Beginning | 9,904,106 | 12,011,579 | 11,904,545 | 11,247,348 | 8,813,159 |
| Total OPEB Liability - Ending (a) | <u>\$ 9,890,246</u> | <u>\$ 9,904,106</u> | <u>\$ 12,011,579</u> | <u>\$ 11,904,545</u> | <u>\$ 11,247,348</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions - Employer | \$ 2,200,000 | \$ 1,250,000 | \$ 1,166,050 | \$ 1,226,456 | \$ 1,284,636 |
| Net Investment Income | 70,674 | 57,898 | 25,765 | 15,758 | 7,477 |
| Benefit Payments | (1,408,966) | (1,386,497) | (1,204,894) | (1,359,839) | (1,769,785) |
| Other | 69,016 | (1,325,760) | 103,848 | 118,635 | (605,947) |
| Net Change in Plan Fiduciary Net Position | 930,724 | (1,404,359) | 90,769 | 1,010 | (1,083,619) |
| Plan Fiduciary Net Position - Beginning | 1,467,374 | 2,871,733 | 2,780,964 | 2,779,954 | 3,863,573 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 2,398,098</u> | <u>\$ 1,467,374</u> | <u>\$ 2,871,733</u> | <u>\$ 2,780,964</u> | <u>\$ 2,779,954</u> |
| District's Net OPEB Liability - Ending (a) - (b) | <u>\$ 7,492,148</u> | <u>\$ 8,436,732</u> | <u>\$ 9,139,846</u> | <u>\$ 9,123,581</u> | <u>\$ 8,467,394</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 24.25% | 14.82% | 23.91% | 23.36% | 24.72% |
| Covered-Employee Payroll | \$ 35,057,201 | \$ 34,220,839 | \$ 35,929,795 | \$ 35,762,732 | \$ 36,372,355 |
| District's Net OPEB Liability as a Percentage of Covered-Employee Payroll | 21.37% | 24.65% | 25.44% | 25.51% | 23.28% |
| Annual Money-Weighted Rate of Return, Net of Investment Expenses | 1.66% | 2.92% | 0.95% | 0.58% | 0.23% |

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS***

| | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|--------------------|---------------------|---------------------|
| Actuarially Determined Contribution (ADC) | \$ 1,122,048 | \$ 1,100,047 | \$ 1,100,903 | \$ 1,130,182 |
| Contributions in Relation to the ADC | 1,250,000 | 1,166,050 | 1,226,456 | 1,284,636 |
| Contribution Deficiency (Excess) | <u>\$ (127,952)</u> | <u>\$ (66,003)</u> | <u>\$ (125,553)</u> | <u>\$ (154,454)</u> |
| Covered-Employee Payroll | \$ 34,220,839 | \$ 35,929,795 | \$ 35,762,732 | \$ 36,372,355 |
| Contributions as a Percentage of Covered-Employee Payroll | 3.65% | 3.25% | 3.43% | 3.53% |

Key Methods and Assumption Used to Calculate ADC

| | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| Actuarial Cost Method | Project Unit Credit | Project Unit Credit | Project Unit Credit | Project Unit Credit |
| Asset Valuation Method | Market Value | Market Value | Market Value | Market Value |
| Amortization Method | 24 Years Level Percent | 24 Years Level Percent | 24 Years Level Percent | 24 Years Level Percent |
| Discount Rate | 2.50% | 2.50% | 2.50% | 2.50% |
| Inflation | 2.50% | 2.50% | 2.50% | 2.50% |

* The amounts presented for each fiscal year were determined as of the current fiscal year end.
Amounts for prior years were not available.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

| Plan 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 (Asset) |
|---------------------|---|---|--------------------|--|--|
| 12/31/14 | 0.28329752% | \$ (6,958,562) | \$ 39,381,219 | 17.67% | 102.74% |
| 12/31/15 | 0.28838483% | 4,686,198 | 41,977,765 | 11.16% | 98.20% |
| 12/31/16 | 0.28637276% | 2,360,395 | 40,803,968 | 5.78% | 99.12% |
| 12/31/17 | 0.28426298% | (8,440,105) | 40,899,471 | 20.64% | 102.93% |
| 12/31/18 | 0.27532826% | 9,795,316 | 41,311,126 | 23.71% | 96.45% |
| 12/31/19 | 0.26790955% | (8,638,627) | 41,593,854 | 20.77% | 102.96% |

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

| 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 |
|-----------------------|--|---|--|--------------------|---|
| 6/30/15 | \$ 2,724,452 | \$ 2,724,452 | \$ - | \$ 39,649,667 | 6.87% |
| 6/30/16 | 2,755,291 | 2,755,291 | - | 41,247,877 | 6.68% |
| 6/30/17 | 2,756,182 | 2,756,182 | - | 41,003,322 | 6.72% |
| 6/30/18 | 2,759,900 | 2,759,900 | - | 40,954,953 | 6.74% |
| 6/30/19 | 2,564,845 | 2,564,845 | - | 38,785,340 | 6.61% |
| 6/30/20 | 2,734,372 | 2,734,372 | - | 41,074,516 | 6.66% |

See accompanying Notes to Required Supplementary Information.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

There were no changes of benefit terms.

There have been no changes in the actuarial assumptions since the prior valuation.

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

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 4 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2020.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 4 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund in accordance with requirements from the Wisconsin Department of Public Instruction. In accordance with generally accepted accounting principles, these funds are included as part of the general fund in these financial statements. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP General Fund basis is summarized below:

| | General | Special Education |
|---|---------------|----------------------|
| REVENUES | | |
| Actual Amounts (Budgetary Basis) | \$ 74,616,381 | \$ 4,231,560 |
| Reclassification of Special Education Fund | 4,231,560 | (4,231,560) |
| Total Revenues | 78,847,941 | - |
| EXPENDITURES | | |
| Actual Amounts (Budgetary Basis) | 64,661,422 | 11,617,104 |
| Reclassification of Special Education Fund | 11,617,104 | (11,617,104) |
| Total Expenditures | 76,278,526 | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | | |
| Actual Amounts (Budgetary Basis) | 9,954,959 | (7,385,544) |
| Reclassification of Special Education Fund | (7,385,544) | 7,385,544 |
| Excess of Revenues Over (Under) Expenditures | 2,569,415 | - |
| OTHER FINANCING SOURCES (USES) | | |
| Actual Amounts (Budgetary Basis) | (9,385,544) | 7,385,544 |
| Reclassification of Special Education Fund | 7,385,544 | (7,385,544) |
| Total Other Financing Sources (Uses) | (2,000,000) | - |
| NET CHANGE IN FUND BALANCE | | |
| Actual Amounts (Budgetary Basis) | 569,415 | - |
| FUND BALANCE - JULY 1 | | |
| Actual Amounts (Budgetary Basis) | - | - |
| Fund Balance - June 30 | \$ 569,415 | \$ - |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 4 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditure Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2020 as follows:

| <u>Funds</u> | <u>Excess Expenditures</u> |
|-------------------------------------|--------------------------------|
| General Fund: | |
| Instruction | |
| Vocational Instruction | \$ 62,635 |
| Other Instruction | 349,102 |
| Support Services | |
| General Administration Services | 19,794 |
| Operations and Maintenance of Plant | 1,269,185 |
| Nonprogram | |
| Adjustments and Refunds | 6,473 |
| Special Education Fund: | |
| Support Services: | |
| Pupil Services | 18,427 |

The amounts were funded using positive variances in other accounts of the general fund and special education fund.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

| | Special Revenue | | | |
|--|-------------------|-------------------|-------------------|----------------------|
| | Donations | Head Start | Food Service | Community Service |
| ASSETS | | | | |
| Cash and Investments | \$ 244,528 | \$ - | \$ 252,545 | \$ 159,245 |
| Due from Other Funds | - | - | - | - |
| Due from Other Governments | - | 121,621 | 126,656 | - |
| Inventories and Prepaid Items | - | - | 21,679 | - |
| Total Assets | \$ 244,528 | \$ 121,621 | \$ 400,880 | \$ 159,245 |
| LIABILITIES, DEFERRED INFLOWS OF LIABILITIES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 10,120 | \$ 3,995 | \$ 74 | \$ - |
| Accrued and Other Current Liabilities | - | 86,124 | 4,589 | 398 |
| Due to Other Funds | - | 31,502 | - | - |
| Due to Other Governments | - | - | 124 | - |
| Unearned Revenues | - | - | 108,180 | - |
| Total Liabilities | 10,120 | 121,621 | 112,967 | 398 |
| Fund Balances: | | | | |
| Nonspendable | - | - | 21,679 | - |
| Restricted | 234,408 | - | 266,234 | 158,847 |
| Total Fund Balances | 234,408 | - | 287,913 | 158,847 |
| Total Liabilities and Fund Balances | \$ 244,528 | \$ 121,621 | \$ 400,880 | \$ 159,245 |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

| Debt Service | Capital Projects | | Total |
|--------------------------------|-------------------------------------|---------------------|-----------------------------------|
| Non-Referendum Debt Service | Long-term Capital Improvement | Capital Projects | Nonmajor Governmental Funds |
| \$ 964,191 | \$ 1,803,620 | \$ 2,793,542 | \$ 6,217,671 |
| - | 1,850,000 | - | 1,850,000 |
| - | - | - | 248,277 |
| - | - | - | 21,679 |
| <u>\$ 964,191</u> | <u>\$ 3,653,620</u> | <u>\$ 2,793,542</u> | <u>\$ 8,337,627</u> |
| \$ - | \$ - | \$ 530,249 | \$ 544,438 |
| - | - | - | 91,111 |
| - | - | - | 31,502 |
| - | - | - | 124 |
| - | - | - | 108,180 |
| - | - | 530,249 | 775,355 |
| - | - | - | 21,679 |
| <u>964,191</u> | <u>3,653,620</u> | <u>2,263,293</u> | <u>7,540,593</u> |
| <u>964,191</u> | <u>3,653,620</u> | <u>2,263,293</u> | <u>7,562,272</u> |
| <u>\$ 964,191</u> | <u>\$ 3,653,620</u> | <u>\$ 2,793,542</u> | <u>\$ 8,337,627</u> |

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

| | Special Revenue | | | |
|--|-------------------|------------------|-------------------|----------------------|
| | Donations | Head Start | Food Service | Community Service |
| REVENUES | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ 260,000 |
| Other Local Sources | 453,218 | - | 1,258,051 | 15,408 |
| State Sources | - | - | 32,907 | - |
| Federal Sources | - | 1,224,479 | 867,996 | - |
| Other Sources | 104,779 | - | - | - |
| Total Revenues | <u>557,997</u> | <u>1,224,479</u> | <u>2,158,954</u> | <u>275,408</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Regular Instruction | 71,775 | 729,017 | - | - |
| Vocational Instruction | 3,113 | - | - | - |
| Other Instruction | 134,737 | - | - | - |
| Total Instruction | <u>209,625</u> | <u>729,017</u> | <u>-</u> | <u>-</u> |
| Support Services: | | | | |
| Pupil Services | 2,636 | 153,488 | - | - |
| Instructional Staff Services | 7,132 | 123,018 | - | - |
| General Administration Services | - | 64,523 | - | - |
| School Administration Services | 13,573 | - | - | - |
| Operations and Maintenance of Plant | 19,615 | 45,553 | 14,675 | 3,051 |
| Pupil Transportation Services | 20,485 | 108,789 | - | 6,649 |
| Food Services | - | - | 2,239,180 | - |
| Central Services | - | - | 1,067 | - |
| Insurance | - | - | 1,238 | - |
| Other Support Services | - | - | 51,798 | - |
| Total Support Services | <u>63,441</u> | <u>495,371</u> | <u>2,307,958</u> | <u>9,700</u> |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Debt Service | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Community Service | - | - | - | 319,175 |
| Nonprogram: | | | | |
| Adjustments and Refunds | - | 91 | - | - |
| Total Expenditures | <u>273,066</u> | <u>1,224,479</u> | <u>2,307,958</u> | <u>328,875</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | <u>284,931</u> | <u>-</u> | <u>(149,004)</u> | <u>(53,467)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers In | - | - | 150,000 | - |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>150,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 284,931 | - | 996 | (53,467) |
| Fund Balances - July 1 | (50,523) | - | 286,917 | 212,314 |
| FUND BALANCES - JUNE 30 | <u>\$ 234,408</u> | <u>\$ -</u> | <u>\$ 287,913</u> | <u>\$ 158,847</u> |

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

| Debt Service | Capital Projects | | Total |
|------------------------------------|-------------------------------------|---------------------|-----------------------------------|
| Non- Referendum Debt Service | Long-term Capital Improvement | Capital Projects | Nonmajor Governmental Funds |
| \$ 1,169,623 | \$ - | \$ 1,536,455 | \$ 2,966,078 |
| 152,903 | 52,510 | 1,237 | 1,933,327 |
| - | - | - | 32,907 |
| - | - | - | 2,092,475 |
| - | - | - | 104,779 |
| <u>1,322,526</u> | <u>52,510</u> | <u>1,537,692</u> | <u>7,129,566</u> |
| - | - | - | 800,792 |
| - | - | - | 3,113 |
| - | - | - | <u>134,737</u> |
| - | - | - | 938,642 |
| - | - | - | 156,124 |
| - | - | - | 130,150 |
| - | - | - | 64,523 |
| - | - | - | 13,573 |
| - | - | 473,399 | 556,293 |
| - | - | - | 135,923 |
| - | - | - | 2,239,180 |
| - | - | - | 1,067 |
| - | - | - | 1,238 |
| - | - | - | <u>51,798</u> |
| - | - | 473,399 | 3,349,869 |
| 1,096,000 | - | - | 1,096,000 |
| 74,573 | - | - | <u>74,573</u> |
| <u>1,170,573</u> | - | - | 1,170,573 |
| - | - | - | 319,175 |
| - | - | - | 91 |
| <u>1,170,573</u> | <u>-</u> | <u>473,399</u> | <u>5,778,350</u> |
| <u>151,953</u> | <u>52,510</u> | <u>1,064,293</u> | <u>1,351,216</u> |
| - | 1,850,000 | - | 2,000,000 |
| - | 1,850,000 | - | 2,000,000 |
| 151,953 | 1,902,510 | 1,064,293 | 3,351,216 |
| 812,238 | 1,751,110 | 1,199,000 | <u>4,211,056</u> |
| <u>\$ 964,191</u> | <u>\$ 3,653,620</u> | <u>\$ 2,263,293</u> | <u>\$ 7,562,272</u> |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2020**

| | Balance 7/1/2019 | Additions | Deletions | Balance 6/30/2020 |
|-------------------------------|---------------------|------------------|-------------------|----------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 820,807 | \$ 25,433 | \$ 178,501 | \$ 667,739 |
| Accounts Receivable | 9,312 | - | 9,312 | - |
| Total Assets | <u>\$ 830,119</u> | <u>\$ 25,433</u> | <u>\$ 187,813</u> | <u>\$ 667,739</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 823 | \$ - | \$ 823 | \$ - |
| Due to Student Organizations: | | | | |
| Middle School | 118,273 | 7,738 | 99,596 | 26,415 |
| High School | 711,023 | 17,695 | 87,394 | 641,324 |
| Total Liabilities | <u>\$ 830,119</u> | <u>\$ 25,433</u> | <u>\$ 187,813</u> | <u>\$ 667,739</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***

Board of Education
West Bend Joint School District #1
West Bend, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Bend Joint School District #1, West Bend, Wisconsin (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated November 25, 2020.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2020-001 and 2020-002 to be material weaknesses.

Board of Education
West Bend Joint School District #1
West Bend, Wisconsin

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a significant deficiency.

Compliance and Other Matters

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

West Bend Joint School District #1's Response to Finding

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
November 25, 2020



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

Board of Education
West Bend Joint School District #1
West Bend, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited West Bend Joint School District #1, Wisconsin's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2020. The District's major federal and 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State 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 state programs for the year ended June 30, 2020.

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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state 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.

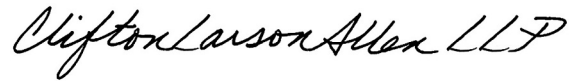
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-004, 2020-005, and 2020-006 that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit are 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 compliance and, accordingly, we express no opinion on the response.

Board of Education
West Bend Joint School District #1
West Bend, Wisconsin

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
November 25, 2020

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 7/1/19 | Value or Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/20 | Total Expenditures | Subrecipients Payments |
|---|-------------|---------------------|---|-----------------------------------|-----------------------------------|------------------------------------|---------------------|------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | |
| School Breakfast Program | 10.553 | WI DPI | 2019-666307-SB-546 | \$ (721) | \$ 721 | \$ - | \$ - | \$ - |
| School Breakfast Program | 10.553 | WI DPI | 2020-666307-SB-546 | - | 68,084 | - | 68,084 | - |
| School Breakfast Program | 10.553 | WI DPI | 2020-666307-SB-Severe-546 | (1,936) | 27,249 | - | 25,313 | - |
| Total School Breakfast Program | | | | (2,657) | 96,054 | - | 93,397 | - |
| National School Lunch Program | 10.555 | WI DPI | 2019-666307-NSL-547 | (17,546) | 17,546 | - | - | - |
| National School Lunch Program | 10.555 | WI DPI | 2020-666307-NSL-547 | - | 538,387 | - | 538,387 | - |
| Donated Commodities | 10.555 | WI DPI | Unknown | - | 184,409 | - | 184,409 | - |
| Total National School Lunch Program | | | | (17,546) | 740,342 | - | 722,796 | - |
| Total Child Nutrition Cluster | | | | (20,203) | 836,396 | - | 816,193 | - |
| Child and Adult Care Food Program | 10.558 | WI DPI | 2019-666307-CCI-551 | (8,126) | 8,126 | - | - | - |
| Team Nutrition Grants | 10.574 | WI DPI | 2019-666307-17 TN Let's Plant Grant - 552 | - | 51,804 | - | 51,804 | - |
| Total U.S. Department of Agriculture | | | | (28,329) | 896,326 | - | 867,997 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | WI DPI | 2019-666307-Title I-141 | (476,165) | 476,165 | - | - | - |
| Title I Grants to Local Educational Agencies | 84.010 | WI DPI | 2020-666307-TIA-141 | - | 399,997 | 63,395 | 463,392 | - |
| Total Title I Grants to Local Educational Agencies | | | | (476,165) | 876,162 | 63,395 | 463,392 | - |
| Special Education Cluster (IDEA) | | | | | | | | |
| Special Education Grants to States | 84.027 | WI DPI | 2019-666307-IDEA-341 | (705,063) | 705,063 | - | - | - |
| Special Education Grants to States | 84.027 | WI DPI | 2020-666307-IDEA-FT-341 | - | 1,163,637 | 184,234 | 1,347,871 | - |
| Special Education Preschool Grants | 84.173 | WI DPI | 2019-666307-Pre-S-347 | (61,070) | 61,070 | - | - | - |
| Special Education Preschool Grants | 84.173 | WI DPI | 2020-666307-IDEA-PS-347 | - | 54,026 | 12,287 | 66,313 | - |
| Total Special Education Cluster (IDEA) | | | | (766,133) | 1,983,796 | 196,521 | 1,414,184 | - |
| Career and Technical Education - Basic Grants to States | 84.048 | CESA #6 | 2019-666307-CP-CTE-400 | (15,204) | 15,204 | - | - | - |
| Career and Technical Education - Basic Grants to States | 84.048 | CESA #6 | 2020-666307-CTE-400 | - | 33,850 | - | 33,850 | - |
| Total Title I Grants to Local Educational Agencies | | | | (15,204) | 49,054 | - | 33,850 | - |
| English Language Acquisition State Grants | 84.365 | WI DPI | 2019-666307-Title III A-391 | (3,196) | 3,196 | - | - | - |
| English Language Acquisition State Grants | 84.365 | WI DPI | 2020-666307-TIIIA-391 | - | 6,788 | - | 6,788 | - |
| Total Title I Grants to Local Educational Agencies | | | | (3,196) | 9,984 | - | 6,788 | - |
| Improving Teacher Quality State Grants | 84.367 | WI DPI | 2019-666307-Title II-365 | (129,186) | 129,186 | - | - | - |
| Improving Teacher Quality State Grants | 84.367 | WI DPI | 2020-666307-TIIA-365 | - | 99,445 | 15,876 | 115,321 | - |
| Total Title I Grants to Local Educational Agencies | | | | (129,186) | 228,631 | 15,876 | 115,321 | - |
| Student Support and Academic Enrichment Program | 84.424 | WI DPI | 2019-666307-Title-IV A-381 | (18,548) | 18,548 | - | - | - |
| Student Support and Academic Enrichment Program | 84.424 | WI DPI | 2020-666307-TIVA-381 | - | 17,893 | 19,168 | 37,061 | - |
| Total Student Support and Academic Enrichment Program | | | | (18,548) | 36,441 | 19,168 | 37,061 | - |
| Total U.S. Department of Education | | | | (1,408,432) | 3,184,068 | 294,960 | 2,070,596 | - |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| Head Start | 93.600 | Direct Program | N/A | - | 1,102,858 | 121,621 | 1,224,479 | - |
| Medicaid Cluster: | | | | | | | | |
| Medical Assistance Program | 93.778 | WI DHS | 44202700 | (40,374) | 487,031 | 1,686 | 448,343 | - |
| Total Medicaid Cluster | | | | (40,374) | 487,031 | 1,686 | 448,343 | - |
| Total U.S. Department of Health and Human Services | | | | (40,374) | 1,589,889 | 123,307 | 1,672,822 | - |
| TOTAL FEDERAL AWARDS | | | | \$ (1,477,135) | \$ 5,670,283 | \$ 418,267 | \$ 4,611,415 | \$ - |
| Reconciliation to the Basic Financial Statements: | | | | | | | | |
| Federal Sources | | | | | | | \$ 4,577,564 | |
| Federal Awards Included in Intermediate Sources | | | | | | | 33,851 | |
| Total Federal Awards | | | | | | | <u>\$ 4,611,415</u> | |

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2020**

| Grantor Agency/State Program Title | State I.D. Number | Pass-Through Agency | State Identifying Number | (Accrued) Deferred Revenue 7/1/19 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/20 | Total Expenditures | Subrecipient Payments |
|--|----------------------|------------------------|--------------------------------|--|--------------------------------|---|-----------------------|--------------------------|
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | | |
| Special Education and School Age Parents | 255.101 | Direct Program | 666307-100 | \$ - | \$ 2,448,947 | \$ - | \$ 2,448,947 | \$ - |
| Special Education and School Age Parents | 255.101 | CESA #6 | N/A | - | 6,750 | - | 6,750 | - |
| Total Special Education and School Age Parents | | | | - | 2,455,697 | - | 2,455,697 | - |
| State School Lunch Aid | 255.102 | Direct Program | 666307-107 | - | 25,971 | - | 25,971 | - |
| Common School Fund Library Aid | 255.103 | Direct Program | 666307-104 | - | 369,456 | - | 369,456 | - |
| General Transportation Aid | 255.107 | Direct Program | 666307-102 | - | 134,857 | - | 134,857 | - |
| Equalization Aids | 255.201 | Direct Program | 666307-116 | (517,938) | 31,492,680 | 516,838 | 31,491,580 | - |
| High Cost Special Education Aid | 255.210 | Direct Program | 666307-119 | - | 29,901 | - | 29,901 | - |
| Supplemental Per Pupil Aid | 255.245 | Direct Program | 666307-179 | - | 22,249 | - | 22,249 | - |
| Special Education Transition Readiness Grant | 255.257 | Direct Program | 666307-174 | (1,373) | 1,373 | - | - | - |
| Peer Review and Mentoring | 255.301 | Direct Program | 666307-141 | (10,631) | 10,631 | 10,251 | 10,251 | - |
| Head Start Supplement | 255.327 | Direct Program | 666307-145 | (10,213) | 66,121 | 59,592 | 115,500 | - |
| State School Breakfast Aid | 255.344 | Direct Program | 666307-108 | - | 6,936 | - | 6,936 | - |
| Tobacco Grant Public Aid | 255.389 | Direct Program | 666307-179 | - | 500 | - | 500 | - |
| Tuition Payments by State | 255.401 | Direct Program | 666307-157 | - | 280,461 | - | 280,461 | - |
| Early College Credit | 255.445 | Direct Program | 666307-178 | - | 2,776 | - | 2,776 | - |
| Educator Effective Evaluation System | 255.940 | Direct Program | 666307-154 | - | 49,600 | - | 49,600 | - |
| Per Pupil Aid | 255.945 | Direct Program | 666307-113 | - | 4,917,976 | - | 4,917,976 | - |
| Career and Technical Education Incentive Grants | 255.950 | Direct Program | 666307-152 | - | 71,980 | - | 71,980 | - |
| Assessments of Reading Readiness | 255.956 | Direct Program | 666307-166 | - | 7,788 | - | 7,788 | - |
| Robotics Lead Participation Grants | 255.959 | Direct Program | 666307-167 | - | 1,091 | 229 | 1,320 | - |
| Total Wisconsin Department of Public Instruction | | | | (540,155) | 39,948,044 | 586,910 | 39,994,799 | - |
| WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT | | | | | | | | |
| WISELearn Grants | Unknown | CESA #4 | N/A | - | - | 10,000 | 10,000 | - |
| WISCONSIN DEPARTMENT OF JUSTICE | | | | | | | | |
| School Safety Initiative | 455.206 | Direct Program | 2018-SSI-01-12989 | - | 94,788 | - | 94,788 | - |
| School Safety Initiative | 455.206 | Direct Program | 2018-SSI-01-14505 | (46,352) | 56,842 | 3,346 | 13,836 | - |
| Total School Safety Initiative and Wisconsin Department of Justice | | | | (46,352) | 151,630 | 3,346 | 108,624 | - |
| TOTAL STATE PROGRAMS | | | | <u>\$ (586,507)</u> | <u>\$ 40,099,674</u> | <u>\$ 600,256</u> | <u>\$ 40,113,423</u> | <u>\$ -</u> |

Reconciliation to the Basic Financial Statements:

| | |
|---|----------------------|
| State Sources | \$ 40,373,919 |
| Less: State Sources not Considered State Financial Assistance | |
| State Tax Computer Aid | (257,603) |
| Amount included in Federal funds | 10,251 |
| Payments in Lieu of Taxes | (23,283) |
| Other Revenue not Included in Above Schedule | (6,611) |
| Add: Intermediate Aid | 16,750 |
| Total State Awards | <u>\$ 40,113,423</u> |

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the West Bend Joint School District #1 are 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* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2020 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2019 - 2020 eligible costs under the State Special Education Program as reported by the District are \$2,455,697. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed.

NOTE 5 OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal – U.S. Department of Education
State – Wisconsin Department of Public Instruction

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE 6 PASS THROUGH ENTITIES

Federal and state awards have been passed through the following entities:

WI DHS – Wisconsin Department of Health Services
WI DPI – Wisconsin Department of Public Instruction
CESA #4 – Cooperative Educational Service Agency #4
CESA #6 – Cooperative Educational Service Agency #6

NOTE 7 DONATED SERVICES

The District receives an undeterminable amount of donated services from a variety of unpaid volunteers assisting the Head Start program. Therefore, no amounts have been recorded in the schedule of expenditures of federal awards.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal and State Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no
4. Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? x yes no

Identification of Major Federal Programs

| CFDA Number(s) | Name of Federal Program or Cluster |
|-----------------------|---|
| 84.027 | Special Education - Grants to States (IDEA, Part B) |
| 84.173 | Special Education – Preschool Grants (IDEA Preschool) |
| 93.778 | Medical Assistance Program (Medicaid; Title XiX) |

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

2020 – 001: Preparation of Financial Statements

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Condition: Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require specific governmental experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.

Criteria or specific requirement: The preparation and review of the annual financial report by staff with expertise in governmental financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.

Context: The District engages CliftonLarsonAllen, LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the District has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations.

Effect: Historically, without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause: Historically District management had determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweighed the derived benefits.

Repeat Finding: Repeat of Finding 2019-001

Recommendation: We recommend that the District continue to review the annual financial report prior to issuance. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

Views of responsible officials and planned corrective actions: There is no disagreement with the finding. Management will continue to have appropriate staff review and approve draft financial statements prior to issuance.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

2020 – 002: Material Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Condition: During the course of our audit, we did work with District finance team and assisted with adjusting journal entries that were material to the District's financial statements.

Criteria or specific requirement: Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Context: While performing audit procedures, material audit adjustments were identified in relation to construction accounts payable and retainage payable as items which were required to be moved back into the current period.

Effect: Year-end financial records prepared by the District may contain material misstatements.

Cause: Due primarily to the turnover within the business office, and the timing of when the current finance team was brought on board, the district's general ledger did not accurately reflect all financial transactions in a timely manner. As a result, auditor assistance was necessary to assist in closing the fiscal year within the required timeline.

Repeat Finding: Repeat of Finding 2019-002

Recommendation: We recommend the District finance team review and approve the adjustment made and continue to implement and refine financial policies and procedures to reduce the number of adjusting and closing entries that are required. We are available to assist the individual in obtaining the understanding to prepare these entries.

Views of responsible officials and planned corrective actions: There is no disagreement with the finding. The District will continue to implement and refine solid financial policies, procedures, and standards in line with both US GAAP and DPI accounting standards. Having accounting expertise in the department is critical to this endeavor, thus retaining educated and knowledgeable staff is a key component.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

2020 – 003: Segregation of Duties over Financial Reporting

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: During the 2019-2020 school year, the District had a limited number of employees to essentially complete all financial and recordkeeping duties of the District. Accordingly, this does not allow for a proper segregation of duties for internal control purposes. This condition was also effected by turnover within the Business Office.

Criteria or specific requirement: Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

Context: The size of the District and turnover within the Business Office influences the Districts financial procedures and at times results in a lack of segregation of duties.

Effect: Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

Cause: The lack of segregation of duties is due to the limited number of employees and the size of the District's operations. In addition, the District has not completed a formal risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.

Repeat Finding: Repeat of Finding 2019-004

Recommendation: We recommend the District Board and management continue to monitor the transactions and the financial records of the District. While the current finance team has identified key areas of risk, and has begun to implement key controls to address these risks, there was limited time for a full risk assessment. We recommend the District perform a full risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.

Views of responsible officials and planned corrective actions: There is no disagreement with the finding. The District will continue to review financial policies and procedures including consideration of segregation of duties.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal and State Programs

2020 – 004: Financial Reporting for Federal and State Awards

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: Uniform Guidance and the *State Single Audit Guidelines* require the District to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. While the current staff of the District maintains financial records supporting amounts reported in the schedules of expenditures of federal and state awards, the District contracts with its auditors to compile the data from these records and assist in the preparation of the single audit schedules for the District.

Criteria or specific requirement: Having staff with expertise in federal and state financial reporting prepare the District's single audit schedules is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal and state awards, or accompanying notes to the schedules.

Context: While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that the schedule of expenditures of federal awards and the schedule of expenditures of state awards are prepared in accordance with U.S. GAAP.

Effect: The District could receive federal or state grant awards which are not included in the accompanying Schedules of Expenditures of Federal and State Awards.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the District's single audit schedules, including the additional training time, outweigh the derived benefits.

Repeat Finding: Repeat of Finding 2019-005

Recommendation: We recommend District personnel continue reviewing the District's single audit schedules. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to ensure all federal and state financial assistance programs are properly reported in the District's single audit schedules.

Views of responsible officials and planned corrective actions: There is no disagreement with the finding. Management will continue to have appropriate staff review and approve drafts of the schedule of expenditures of federal and state awards prior to issuance.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal and State Programs (Continued)

2020 – 005: Procurement

Federal agency: U.S. Department of Education

Federal program title: Special Education – Grants to States (IDEA, Part B) & Special Education –
Preschool Grants (IDEA Preschool)

CFDA Number: 84.027 & 84.173

Pass-Through Agency: Wisconsin DPI

Pass-Through Number(s): 2020-666307-IDEA-FT-341 & 2020-666307-IDEA-PS-347

Award Period: July 1, 2019 through June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting
- Other Matters

Condition: Uniform Guidance requires small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

Criteria or specific requirement: During the 2019-2020 school year the District was required to maintain documentation of procurement, support for open competition, cost analysis, and reasoning for any sole source vendors for purposes of procurement transactions. There were multiple areas of those requirements that documents were not retained.

Context: The size of the District and updated requirements related to procurement transactions were not noted during updates of the Internal Control Guide used by the District.

Effect: The District could enter into a procurement transaction that is more costly than if they were to perform cost analysis or review other entities for quotes. There is also potential that if District personnel do not document how they came to agreement with choosing a vendor, justification of using the vendor could appear to be biased.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal and State Programs (Continued)

2020 – 005: Procurement

Cause: District department did not have a full understanding of procurement requirements and expectations of uniform guidance. They also did not have updated grant procedures to ensure all programs met current requirements.

Recommendation: We recommend the District update Uniform Guidance policies and procedures to ensure they are following compliance requirements. We also recommend each grant program manager reviews guidance surrounding procurement so an individual program is following the minimum requirements by creating their own controls if there are none District-wide.

Views of responsible officials and planned corrective actions: There is no disagreement with the finding. The District will continue to review financial policies and procedures to identify opportunities for improvement.

2020 – 006: Suspension and Debarment

Federal agency: U.S. Department of Education

Federal program title: Special Education – Grants to States (IDEA, Part B) & Special Education – Preschool Grants (IDEA Preschool)

CFDA Number: 84.027 & 84.173

Pass-Through Agency: Wisconsin DPI

Pass-Through Number(s): 2020-666307-IDEA-FT-341 & 2020-666307-IDEA-PS-347

Award Period: July 1, 2019 through June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting
- Other Matters

Condition: Uniform Guidance requires that when a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by

- (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/> (Note: The OMB guidance at 2 CFR part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS),
- (2) collecting a certification from the entity, or
- (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal and State Programs (Continued)

Criteria or specific requirement: Suspension and debarment procedures are required to be performed before entering into a procurement transaction, the District currently has no controls or procedures in place to meet these requirements.

Context: The size of the District and updated requirements related to procurement transactions were not noted during updates of the Internal Control Guide used by the District.

Effect: The District could enter into a covered transaction with a vendor that is suspended or debarred which violates compliance requirements.

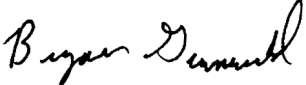
Cause: The District did not consistently evaluate and document requirements to review a vendor for suspension and debarment disqualifications under Uniform Guidance requirements.

Recommendation: We recommend the District update uniform guidance policies and procedures to ensure they are following compliance requirements. We also recommend the District implement procedures to ensure controls are in place to document compliance with verification per Sam.gov and the ELPS list.

Views of responsible officials and planned corrective actions: There is no disagreement with the finding. The District will continue to review financial policies and procedures including consideration of suspension and debarment.

**WEST BEND JOINT SCHOOL DISTRICT #1
WEST BEND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section IV – Other Issues

- | | |
|---|--|
| 1. Does the auditor have substantial doubt as to the auditee’s ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with <i>the State Single Audit Guidelines</i> : | |
| Department of Health Services | Yes |
| Department of Public Instruction | Yes |
| Department of Workforce Development | Yes |
| Department of Justice | Yes |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner | <div style="text-align: center;">  <hr style="width: 20%; margin: auto;"/> Bryan F. Grunewald, CPA </div> |
| 5. Date of report | November 25, 2020 |