

SCHOOL DISTRICT OF BELOIT

Annual Financial Report

June 30, 2021

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SCHOOL DISTRICT OF BELOIT

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Education
School District of Beloit
Beloit, 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 School District of Beloit (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

To the Board of Education
School District of Beloit

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in net OPEB asset, fiduciary net position and related ratios - other post-employment benefits, schedule of employer contributions - other post-employment benefits, and the schedule of revenues, expenditures and change in fund balance - budget and actual - general fund on pages 36 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School District of Beloit's basic financial statements. The combining balance sheet – nonmajor funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor funds and combining schedules of internal general and special education funds 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 is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by *Wisconsin State Single Audit Guidelines* and the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction and is also not a required part of the basic financial statements.

The combining balance sheet – nonmajor funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor funds, combining schedules of internal general and special education funds, schedule of expenditures of federal awards and schedule of state financial assistance 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 combining nonmajor fund financial statements, combining schedules of internal general and special education funds, schedule of expenditures of federal awards, and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Education
School District of Beloit

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Beloit's internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
November 24, 2021

FINANCIAL STATEMENTS

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SCHOOL DISTRICT OF BELOIT
District-Wide Statement of Net Position
As of June 30, 2021

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ 27,862,673 |
| Receivables: | |
| Taxes | 3,448,658 |
| Accounts | 51,143 |
| Due from State Government | 1,100,550 |
| Due from Federal Government | 3,550,633 |
| Inventory | 72,955 |
| Prepaid Expenses | 133,717 |
| Total Current Assets | 36,220,329 |
| Noncurrent Assets | |
| Net Pension Asset | 16,543,225 |
| Net Other Postemployment Benefits Asset | 3,695,415 |
| Capital Assets | |
| Nondepreciable | 6,607,305 |
| Depreciable, net | 121,850,112 |
| Total Noncurrent Assets | 148,696,057 |
| TOTAL ASSETS | 184,916,386 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Loss on Refunding Bonds | 189,165 |
| Deferred Outflows Related to Pension | 25,897,674 |
| Deferred Outflows Related to Other Post-Employment Benefits | 9,903 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 26,096,742 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 2,445,958 |
| Accrued and Other Current Liabilities | 6,590,252 |
| Accrued Interest Payable | 261,370 |
| Due to Other Governments | 485 |
| Unearned Revenue | 18,083 |
| Deposits Payable | 1,751,712 |
| Health Benefit Claims Payable | 1,868,463 |
| Current Portion of Long-Term Obligations | 4,296,172 |
| Total Current Liabilities | 17,232,495 |
| Noncurrent Liabilities | |
| Noncurrent Portion of Long-Term Obligations | 33,859,314 |
| TOTAL LIABILITIES | 51,091,809 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Inflows Related to Pension | 36,246,960 |
| Deferred Inflows Related to Other Post-Employment Benefits | 141,190 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 36,388,150 |
| NET POSITION | |
| Net Investment in Capital Assets | 90,602,268 |
| Restricted | 14,411,475 |
| Unrestricted | 18,519,426 |
| TOTAL NET POSITION | \$ 123,533,169 |

See Accompanying Notes

SCHOOL DISTRICT OF BELOIT

District-Wide Statement of Activities
For the Year Ended June 30, 2021

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|-------------------------|--|--|
| | Expenses | Charges For Services | Operating Grants and Contributions | Governmental Activities |
| GOVERNMENTAL ACTIVITIES | | | | |
| Instruction | | | | |
| Regular Instruction | \$ 25,874,442 | \$ 847,524 | \$ 8,902,058 | \$ (16,124,860) |
| Vocational Instruction | 1,454,239 | 2,074 | 188,860 | (1,263,305) |
| Physical Instruction | 1,856,042 | - | - | (1,856,042) |
| Special Instruction | 9,348,841 | - | 5,999,825 | (3,349,016) |
| Other Instruction | 3,664,303 | 3,590 | 63,328 | (3,597,385) |
| Total Instruction | <u>42,197,867</u> | <u>853,188</u> | <u>15,154,071</u> | <u>(26,190,608)</u> |
| Support Services | | | | |
| Pupil Services | 5,901,055 | - | 269,416 | (5,631,639) |
| Instructional Staff Services | 6,223,816 | 39 | 1,727,231 | (4,496,546) |
| General Administration Services | 1,301,131 | - | - | (1,301,131) |
| School Building Administration Services | 5,269,791 | - | - | (5,269,791) |
| Business Administration | 747,118 | - | - | (747,118) |
| Operations and Maintenance of Plant | 8,439,963 | - | 322,299 | (8,117,664) |
| Pupil Transportation Services | 2,433,332 | 3,396 | 84,594 | (2,345,342) |
| Food Services | 3,119,346 | 1,620 | 3,529,658 | 411,932 |
| Internal Services | 424,919 | - | - | (424,919) |
| Central Services | 1,013,023 | - | 26,626 | (986,397) |
| Insurance | 695,960 | - | - | (695,960) |
| Other Support Services | 1,869,946 | - | - | (1,869,946) |
| Interest and Fiscal Charges | 1,506,482 | - | - | (1,506,482) |
| Depreciation - Unallocated | 4,791,732 | - | - | (4,791,732) |
| Total Support Services | <u>43,737,614</u> | <u>5,055</u> | <u>5,959,824</u> | <u>(37,772,735)</u> |
| Community Services | 1,869,946 | - | - | (1,869,946) |
| Non-Program Transactions | | | | |
| Open Enrollment | 7,384,542 | - | 36,332 | (7,348,210) |
| Voucher Payments | 424,115 | - | - | (424,115) |
| Non-Open Enrollment | 1,452,352 | - | 328,706 | (1,123,646) |
| Adjustments and Refunds | 129,112 | - | - | (129,112) |
| Total Non-Program Transactions | <u>9,390,121</u> | <u>-</u> | <u>365,038</u> | <u>(9,025,083)</u> |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 97,195,548</u> | <u>\$ 858,243</u> | <u>\$ 21,478,933</u> | <u>(72,988,426)</u> |
| GENERAL REVENUES | | | | |
| Property Taxes | | | | 17,547,597 |
| State and Federal Aids not Restricted to Specific Functions: | | | | |
| Equalization, Exempt Computer Aid and Per Pupil Aid | | | | 73,521,824 |
| Interest and Investment Earnings | | | | 10,931 |
| Sale of Capital Assets | | | | 176,360 |
| Miscellaneous | | | | 778,325 |
| Total General Revenues | | | | <u>92,035,037</u> |
| CHANGE IN NET POSITION | | | | 19,046,611 |
| NET POSITION - BEGINNING OF YEAR - AS RESTATED | | | | <u>104,486,558</u> |
| NET POSITION - END OF YEAR | | | | <u>\$ 123,533,169</u> |

See Accompanying Notes

SCHOOL DISTRICT OF БЕЛОIT

Balance Sheet

Governmental Funds

As of June 30, 2021

| | <u>General</u> | <u>Referendum Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--|----------------------|------------------------------------|---|----------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 24,987,339 | \$ 861,268 | \$ 2,014,066 | \$ 27,862,673 |
| Receivables: | | - | | |
| Taxes | 3,394,606 | 50,117 | 3,935 | 3,448,658 |
| Accounts | 47,295 | - | 3,848 | 51,143 |
| Due from State Government | 1,100,550 | - | - | 1,100,550 |
| Due from Federal Government | 3,022,214 | - | 528,419 | 3,550,633 |
| Inventory | - | - | 72,955 | 72,955 |
| Prepaid Expenses | 133,367 | - | 350 | 133,717 |
| TOTAL ASSETS | <u>\$ 32,685,371</u> | <u>\$ 911,385</u> | <u>\$ 2,623,573</u> | <u>\$ 36,220,329</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 2,013,356 | \$ - | \$ 432,602 | \$ 2,445,958 |
| Accrued Liabilities | | | | |
| Payroll, Payroll Taxes, Insurance | 6,590,252 | - | - | 6,590,252 |
| Due to Other Government | 485 | | | 485 |
| Self-Insurance Deposits Payable | 1,751,712 | - | - | 1,751,712 |
| Health Benefit Claims Payable | 1,868,463 | - | - | 1,868,463 |
| Deferred Revenue | 725 | | | 725 |
| Unearned Revenue | - | - | 17,358 | 17,358 |
| Total Liabilities | <u>12,224,993</u> | <u>-</u> | <u>449,960</u> | <u>12,674,953</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepaid Expenses and Inventory | 133,367 | - | 73,305 | 206,672 |
| Restricted: | | | | |
| Donor Specified Projects | - | - | 289,401 | 289,401 |
| Debt Service | - | 911,385 | 667,707 | 1,579,092 |
| Capital Projects | - | - | 100 | 100 |
| Community Services | - | - | 206,960 | 206,960 |
| Food Services | - | - | 936,140 | 936,140 |
| Self Insurance | 1,902,735 | - | - | 1,902,735 |
| Unassigned | 18,424,276 | - | - | 18,424,276 |
| Total Fund Balances | <u>20,460,378</u> | <u>911,385</u> | <u>2,173,613</u> | <u>23,545,376</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 32,685,371</u> | <u>\$ 911,385</u> | <u>\$ 2,623,573</u> | <u>\$ 36,220,329</u> |

See Accompanying Notes

SCHOOL DISTRICT OF BELOIT

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2021

Total Fund Balances - Governmental Funds \$ 23,545,376

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported in the statement of net position:

| | | |
|---------------------------------------|---------------------|-------------|
| Governmental Capital Asset | 189,328,749 | |
| Governmental Accumulated Depreciation | <u>(60,871,332)</u> | 128,457,417 |

| | | |
|--|--|------------|
| Net pension asset is not usable in the current period therefore not reported in the fund financial statements. | | 16,543,225 |
|--|--|------------|

| | | |
|---|--|-----------|
| Post-employment benefits asset is not usable in the current period therefore not reported in the fund financial statements. | | 3,695,415 |
|---|--|-----------|

Deferred Outflows and Inflows of Resources Reflect Changes in Long-term Assets or Liabilities and are not Reported in the Funds.

| | | |
|---|------------------|--------------|
| Loss on Refunding Bonds | 189,165 | |
| Deferred Outflows of Resources Related to Pension - Cost-Sharing Plan | 25,897,674 | |
| Deferred Inflows of Resources Related to Pension - Cost-Sharing Plan | (36,246,960) | |
| Deferred Outflows of Resources Related to OPEB - Single-Employer Plan | 9,903 | |
| Deferred Inflows of Resources Related to OPEB - Single-Employer Plan | <u>(141,190)</u> | (10,291,408) |

Certain liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:

| | | |
|---|------------------|---------------------|
| General Obligations | (37,437,000) | |
| Bond Premium | (607,314) | |
| Accrued Interest on General Obligation Debt | (261,370) | |
| Compensated Absences | <u>(111,172)</u> | <u>(38,416,856)</u> |

Total Net Position - Governmental Activities \$ 123,533,169

SCHOOL DISTRICT OF BELOIT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

| | General | Referendum Debt Service | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 4,281,884 | \$ 12,300,000 | \$ 965,713 | \$ 17,547,597 |
| Other Local Sources | 1,133,070 | 6,828 | 41,756 | 1,181,654 |
| Interdistrict Sources | 6,678 | - | - | 6,678 |
| Intermediate Sources | 2,000 | - | 3,655 | 5,655 |
| State Sources | 81,110,147 | - | 81,672 | 81,191,819 |
| Federal Sources | 10,325,016 | - | 3,444,677 | 13,769,693 |
| Other Sources | 426,057 | 61,849 | 1,542 | 489,448 |
| Total Revenues | <u>97,284,852</u> | <u>12,368,677</u> | <u>4,539,015</u> | <u>114,192,544</u> |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Regular Instruction | 33,251,303 | - | 2,146 | 33,253,449 |
| Vocational Instruction | 1,599,653 | - | 5,357 | 1,605,010 |
| Physical Instruction | 1,986,768 | - | - | 1,986,768 |
| Special Instruction | 9,955,673 | - | - | 9,955,673 |
| Other Instruction | 3,851,087 | - | 58,687 | 3,909,774 |
| Total Instruction | <u>50,644,484</u> | <u>-</u> | <u>66,190</u> | <u>50,710,674</u> |
| Support Services | | | | |
| Pupil Services | 6,316,915 | - | - | 6,316,915 |
| Instructional Staff Services | 6,792,716 | - | 297 | 6,793,013 |
| General Administration Services | 1,347,036 | - | - | 1,347,036 |
| School Building Administration Services | 5,659,900 | - | - | 5,659,900 |
| Business Services | 811,871 | - | 13,660 | 825,531 |
| Operations and Maintenance | 9,539,510 | - | 28,077 | 9,567,587 |
| Pupil Transportation | 2,433,002 | - | 330 | 2,433,332 |
| Food Services | - | - | 3,863,950 | 3,863,950 |
| Internal Services | 430,132 | - | - | 430,132 |
| Central Services | 1,056,381 | - | 657 | 1,057,038 |
| Insurance | 695,960 | - | - | 695,960 |
| Debt Service | | | | |
| Principal | 33,025 | 3,330,000 | 627,348 | 3,990,373 |
| Payment to Escrow Agent - In-substance Defeasance | - | 7,983,509 | - | 7,983,509 |
| Interest and fiscal charges | 690 | 1,212,938 | 245,660 | 1,459,288 |
| Other Support Services | 2,188,265 | - | - | 2,188,265 |
| Total Support Services | <u>37,305,403</u> | <u>12,526,447</u> | <u>4,779,979</u> | <u>54,611,829</u> |
| Non-Program Transactions | | | | |
| General Tuition Payments | 7,384,542 | - | - | 7,384,542 |
| Non-Program Payments | 424,115 | - | - | 424,115 |
| Voucher Payments | 1,452,352 | - | - | 1,452,352 |
| Adjustments and Refunds | 127,890 | - | 1,222 | 129,112 |
| Total Non-Program Transactions | <u>9,388,899</u> | <u>-</u> | <u>1,222</u> | <u>9,390,121</u> |
| Total Expenditures | <u>97,338,786</u> | <u>12,526,447</u> | <u>4,847,391</u> | <u>114,712,624</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(53,934)</u> | <u>(157,770)</u> | <u>(308,376)</u> | <u>(520,080)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Land and Real Property | 176,360 | - | - | 176,360 |
| Sale of Equipment and Vehicle | - | - | 3,309 | 3,309 |
| Proceeds from Long-Term Debt | - | - | 4,171,000 | 4,171,000 |
| Payment to Escrow Agent - Current Refunding | - | - | (4,281,365) | (4,281,365) |
| Transfer from Other Fund | - | - | 3,987 | 3,987 |
| Transfer to Other Fund | (3,987) | - | - | (3,987) |
| Total Other Financing Sources (Uses) | <u>172,373</u> | <u>-</u> | <u>(103,069)</u> | <u>69,304</u> |
| NET CHANGES IN FUND BALANCES | 118,439 | (157,770) | (411,445) | (450,776) |
| FUND BALANCES - BEGINNING OF YEAR - AS RESTATED | 20,341,939 | 1,069,155 | 2,585,058 | 23,996,152 |
| FUND BALANCES - END OF YEAR | <u>\$ 20,460,378</u> | <u>\$ 911,385</u> | <u>\$ 2,173,613</u> | <u>\$ 23,545,376</u> |

See Accompanying Notes

SCHOOL DISTRICT OF BELOIT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds to the District-Wide Statement of Activities
For the Year Ended June 30, 2021

| | | |
|---|--------------------|----------------------|
| Net change in Fund Balances - Total Governmental Funds | | \$ (450,776) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. | | |
| Capital outlay reported in governmental fund statements | 4,954,019 | |
| Depreciation expense reported in the statement of activities | (4,791,732) | |
| Net Book Value of asset disposals | <u>(15,893)</u> | |
| Amount by which capital outlays are more than depreciation in the current period. | | 146,394 |
| Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements. | | 4,379,775 |
| Amounts related to the other post-employment benefit that affect the statement of activities but do not affect the fund financial statements. | | 2,941,043 |
| Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. | | |
| Compensated absences benefits earned in current year | (111,172) | |
| Compensated absences benefits paid in current year | <u>104,294</u> | |
| Amounts paid are more than amounts earned by | | (6,878) |
| Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of the long-term debt principal payments in the current year is: | | |
| Bonds and notes payable | 15,861,904 | |
| Capital leases | <u>33,024</u> | |
| | | 15,894,928 |
| Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities. | | |
| The amount of debt incurred in the current year is: | | |
| Bonds and notes payable | | (4,171,000) |
| In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred. | | |
| The amount of interest paid during the current period | 1,417,163 | |
| The amount of interest accrued during the current period | <u>(1,281,490)</u> | |
| Interest paid is more than interest accrued by: | | 135,673 |
| Prior year debt premium, discount and refunding losses are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The amortization for the current year is | | |
| Amortization of bond premium | 203,552 | |
| Amortization of refunding loss | <u>(26,100)</u> | |
| | | 177,452 |
| Change in Net Position - Governmental Activities | | <u>\$ 19,046,611</u> |

SCHOOL DISTRICT OF БЕЛОIT

Statement of Net Position

Fiduciary Funds

As of June 30, 2021

| | <u>Private Purpose Trust</u> | <u>Employee Benefit Trust</u> | <u>Custodial Pupil Activity</u> | <u>Total</u> |
|--------------------------------|----------------------------------|-----------------------------------|-------------------------------------|---------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 940 | \$ 3,943,897 | \$ 62,404 | \$ 4,007,241 |
| LIABILITIES | | | | |
| Accounts Payable | - | - | 4,000 | 4,000 |
| NET POSITION | | | | |
| Restricted: | | | | |
| Scholarships | 940 | - | - | 940 |
| Pupil Activities | - | - | 58,404 | 58,404 |
| Other Post Employment Benefits | - | 3,943,897 | - | 3,943,897 |
| | <u>\$ 940</u> | <u>\$ 3,943,897</u> | <u>\$ 58,404</u> | <u>\$ 4,003,241</u> |

See Accompanying Notes

SCHOOL DISTRICT OF BELOIT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

| | <u>Private Purpose Trust</u> | <u>Employee Benefit Trust</u> | <u>Custodial Pupil Activity</u> | <u>Total</u> |
|--|----------------------------------|-----------------------------------|-------------------------------------|---------------------|
| ADDITIONS | | | | |
| Contributions to Employee-Benefit Trust | \$ - | \$ 228,147 | \$ - | \$ 228,147 |
| Interest | 2 | 92,574 | 4,138 | 96,714 |
| Total Additions | <u>2</u> | <u>320,721</u> | <u>4,138</u> | <u>324,861</u> |
| DEDUCTIONS | | | | |
| Payments from Employee-Benefit Trust | - | 622,124 | - | 622,124 |
| Payments to Student Organizations | - | - | 12,674 | 12,674 |
| Administrative Expenditures | - | 11,570 | - | 11,570 |
| Total Deductions | <u>-</u> | <u>633,694</u> | <u>12,674</u> | <u>646,368</u> |
| CHANGE IN NET POSITION | 2 | (312,973) | (8,536) | (321,507) |
| NET POSITION - BEGINNING, AS RESTATED | <u>938</u> | <u>4,256,870</u> | <u>66,940</u> | <u>4,324,748</u> |
| NET POSITION - ENDING | <u>\$ 940</u> | <u>\$ 3,943,897</u> | <u>\$ 58,404</u> | <u>\$ 4,003,241</u> |

SCHOOL DISTRICT OF БЕЛОIT

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of School District of Beloit (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

Nature of Operations

The District is organized as a common school district. The District, governed by a seven-member elected school board, operates grades Kindergarten through 12 and is comprised of all or part of three taxing districts.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

District-Wide 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, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The District does not present any business-type activities.

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 customer 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.

Fund Financial Statements

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. The District has no proprietary or internal service funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures.

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

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are identified as either general, capital projects, special revenue, or debt service based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital expenditures.

Fiduciary Funds

Custodial Funds

Custodial funds are used to account for assets held by the District as a custodian for various student organizations.

Private Purpose Trust

This Fund is used to account for resources held in trust for donor stipulated expenditures.

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Employee Benefit Trust

This fund is used to account for resources held in trust for formally established post-employment benefit plans.

Major Funds

The District reports the following major governmental funds:

General Fund - The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Referendum Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

Nonmajor Funds

The District reports the following nonmajor funds:

Special Revenue Trust Fund - This fund accounts for funds from private gifts and donations from private parties.

Long-term Capital Improvements Fund - This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Community Services Fund - This fund accounts for activities serving the community that are funded by property taxes and fees.

Non-referendum Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

Food Service Fund - This fund accounts for the activities associated with the District's hot lunch and breakfast programs.

Co-Operative Services Fund - This fund accounts for the activities associated with the District's co-operative services.

The District has adopted GASB Statement No. 84, *Fiduciary Activities* for the year ended June 30, 2021. This statement revised the definition of fiduciary activities that may be and must be reported as fiduciary funds. The criteria provided focus on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four types of fiduciary funds that could be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. As a result of adopting this statement, the District reclassified part of the Student Activity Fund activity to be reported in the governmental funds. Specifically, this activity will be reported prospectively in the District's Special Revenue Trust Fund.

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and deferred outflows of resources and liabilities and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial report.

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

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

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Cash and Investments

The District's cash and investments are combined on 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. Cash balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the State Investment Board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Receivables

Receivables 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.

Property Taxes

The aggregate district tax levy is apportioned and certified by November 6 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 may be paid in full or in two or more installments with the first installment payable by the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the twentieth of each subsequent month thereafter, the District may be 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. The County assumes all responsibility for delinquent real property taxes.

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

Inventory

Inventory is recorded at cost using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed rather than when purchased.

Prepaid Expenses

Prepaid expenses are payments made to vendors that will benefit periods beyond the end of the current fiscal year.

Interfund Activity

In the process of aggregating the financial information for the district-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental categories is reported as follows in the fund financial statements:

- Interfund transfer – Flow of assets from one fund to another where repayment is not expected, are reported as transfers in and out.

District-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the district-wide financial statements as follows:

- Internal activities – Amounts reported as interfund transfers and due from/to other funds in the governmental fund financial statements are eliminated in the district-wide statement of activities and statement of net position.

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows: assets with an initial individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|----------------------------|---------|
| Buildings and improvements | 20 - 65 |
| Machinery and equipment | 5 - 30 |

Unearned Revenue

The district-wide statement of net position and the governmental funds balance sheet report unearned revenue and therefore defer revenue recognition in connection with resources that have been received, but not yet earned. When revenue recognition criteria are met, unearned revenue is reduced, as applicable, and income is recognized.

Compensated Absences

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 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 or retirements.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period the debt is issued. Principal payments are recorded against the liability and interest payments are recorded as a current expense.

In the fund financial statements, governmental fund types 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. Principal payments and interest payments are recorded as current expenditures in the governmental funds.

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Deferred 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 and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Pension and Other Post-Employment Benefits

Wisconsin Retirement System

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

Single-employer Defined Postemployment Benefit Plan

For purposes of measuring the net OPEB liability (asset), 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.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with available expendable financial resources are recorded during the year as expenditures in the appropriate governmental fund types. If they are not liquidated with available expendable financial resources, a liability is recorded in the district-wide statement of net position. The related expenditure is recognized when the liability is liquidated. There were no significant claims or judgments at year-end.

Fund Equity Classifications

District-Wide Statements

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

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

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Equity Classifications (Continued)

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

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned:

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year end; however, the amount can be determined in the subsequent period. The School Board is the decision making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance in the general fund represents amounts constrained by the School Board for a specific intended purpose. The District has not delegated that authority to the District's management. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The District, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

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 reported amounts and disclosures. Actual results may differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 2 – Cash and Investments

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the trust and custodial funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

The District is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics.
- Bonds or securities guaranteed by the U.S. Government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant resolutions of the District.

At June 30, 2021 the bank balance of cash was \$33,469,998. The District maintains its cash accounts at two financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and non-interest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. 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. The State Guarantee Fund has not been considered in the table below as insured deposits.

As of June 30, 2021 the District had the following deposits:

| | |
|------------------------|----------------------|
| Fully Insured Deposits | \$ 29,695,174 |
| Collateralized | 3,774,824 |
| Total | <u>\$ 33,469,998</u> |

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 2 – Cash and Investments (Continued)

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2021:

| Investments | Level 1 | Level 2 | Level 3 |
|--------------------------------------|--------------|---------|---------|
| Exchange Traded Funds - Fixed Income | \$ 837,544 | \$ - | \$ - |
| Exchange Traded Funds - Equities | 906,465 | - | - |
| Money Market Mutual Fund | 56,027 | - | - |
| | \$ 1,800,036 | \$ - | \$ - |

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.

| Investments | Fair Value | AAA | Not Rated |
|--------------------------------------|------------|-----------|------------|
| Money Market Mutual Fund | \$ 56,027 | \$ 56,027 | \$ - |
| Exchange Traded Funds - Fixed Income | 837,544 | - | 837,544 |
| | \$ 893,571 | \$ 56,027 | \$ 837,544 |

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At June 30, 2021, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% of more of total District investments.

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.

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:

| Investments | Fair Value | Remaining Maturity | | | |
|---|------------|-----------------------|---------------------|------------------------|-------------------------|
| | | Less Than One Year | One to Two Years | Three to Four Years | More Than Five Years |
| Money Market Fund | \$ 56,027 | \$ 56,027 | \$ - | \$ - | \$ - |
| Exchange Traded Funds - Fixed Income | 837,544 | 837,544 | - | - | - |
| | \$ 893,571 | \$ 893,571 | \$ - | \$ - | \$ - |

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 3 – Interfund Transfers

Interfund transfers for the year ended June 20, 2021 were as follows:

| <u>Fund Transferred To:</u> | <u>Fund Transferred From:</u> | <u>Amount</u> | <u>Purpose</u> |
|---------------------------------|-----------------------------------|-----------------|------------------------------|
| Co-operative Program | General Fund | <u>\$ 3,987</u> | Finance program expenditures |

Note 4 – Capital Assets

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Governmental Activities | | | | |
| Capital Assets, Nondepreciable: | | | | |
| Land | \$ 6,605,563 | \$ 1,742 | \$ - | \$ 6,607,305 |
| Capital Assets, Depreciable | | | | |
| Buildings and Improvements | 151,014,714 | 480,516 | - | 151,495,230 |
| Machinery and Equipment | 27,658,687 | 4,471,761 | 904,234 | 31,226,214 |
| Total Capital Assets, Depreciable | <u>178,673,401</u> | <u>4,952,277</u> | <u>904,234</u> | <u>182,721,444</u> |
| Less Accumulated Depreciation for | | | | |
| Buildings and Improvements | (43,042,722) | (3,412,224) | - | (46,454,946) |
| Machinery and Equipment | (13,925,219) | (1,379,508) | 888,341 | (14,416,386) |
| Total Accumulated Depreciation | <u>(56,967,941)</u> | <u>(4,791,732)</u> | <u>888,341</u> | <u>(60,871,332)</u> |
| Total Capital Assets, Depreciable, Net | <u>121,705,460</u> | <u>160,545</u> | <u>15,893</u> | <u>121,850,112</u> |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | | | | |
| | <u>\$ 128,311,023</u> | <u>\$ 162,287</u> | <u>\$ 15,893</u> | <u>\$ 128,457,417</u> |

Governmental activities depreciation expense for fiscal year ended June 30, 2021 amounted to \$4,791,732 and was unallocated.

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2020

Note 5 – Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2021:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amount Due Within One Year</u> |
|-----------------------------------|------------------------------|---------------------|----------------------|---------------------------|---|
| General Obligations | | | | | |
| General Obligation | | | | | |
| Bonds | \$ 46,280,000 | \$ - | \$ 15,705,000 | \$ 30,575,000 | \$ 3,535,000 |
| Qualified Zone Academy | | | | | |
| Bonds | 595,000 | - | 119,000 | 476,000 | 119,000 |
| Qualified Zone Academy | | | | | |
| Lease | 37,904 | - | 37,904 | - | - |
| Qualified Energy | | | | | |
| Conservation Bonds | 2,215,000 | - | - | 2,215,000 | - |
| Direct Placement | | | | | |
| Taxable Refunding Bonds | - | 4,171,000 | - | 4,171,000 | 531,000 |
| Total General | | | | | |
| Obligation Debt | <u>49,127,904</u> | <u>4,171,000</u> | <u>15,861,904</u> | <u>37,437,000</u> | <u>4,185,000</u> |
| Debt Premium | 810,866 | - | 203,552 | 607,314 | - |
| Capital Leases | 33,024 | - | 33,024 | - | - |
| Compensated Absences | <u>104,294</u> | <u>111,172</u> | <u>104,294</u> | <u>111,172</u> | <u>111,172</u> |
| Total Governmental Activities | | | | | |
| Long-Term Liabilities | <u>\$ 50,076,088</u> | <u>\$ 4,282,172</u> | <u>\$ 16,202,774</u> | <u>\$ 38,155,486</u> | <u>\$ 4,296,172</u> |

Total interest paid on long-term debt for the year ended June 30, 2021 was \$1,399,015.

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

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2021, is comprised of the following individual issues:

| | <u>Original Issuance</u> | <u>Issue Dates</u> | <u>Interest Rate</u> | <u>Dates of Maturity</u> | <u>Balances 06/30/21</u> |
|-------------------------------|------------------------------|------------------------|--------------------------|------------------------------|------------------------------|
| General Obligation Debt: | | | | | |
| Qualified Zone Academic | | | | | |
| Bond | \$ 1,785,000 | 12/28/09 | 0.00% | 09/15/04 | \$ 476,000 |
| Qualified Energy | | | | | |
| Conservation Bonds | 2,215,000 | 09/17/12 | 4.75% | 04/01/32 | 2,215,000 |
| G.O. Refunding Bonds | 10,000,000 | 09/17/12 | 2.00 - 3.00% | 04/01/29 | 5,495,000 |
| G.O. School Improvement | | | | | |
| Bonds | 57,785,000 | 01/07/13 | 2.00 - 3.00% | 04/01/32 | 19,955,000 |
| G.O. School Building and | | | | | |
| Improvement Bonds | 5,500,000 | 10/18/17 | 3.00 - 4.00% | 10/01/37 | 5,125,000 |
| Taxable General Obligation | | | | | |
| Refunding Bonds | 4,171,000 | 09/01/20 | 0.90 - 1.65% | 09/01/28 | <u>4,171,000</u> |
| Total Outstanding General | | | | | |
| Obligation Debt | | | | | <u>\$ 37,437,000</u> |

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 5 – Long-Term Obligations (Continued)**Debt Defeasance**

The District used available financial resources of \$7,983,509 to retire \$7,655,000 of the January 7, 2013 General School Improvement Bonds, resulting in an overall savings of \$1,776,976 and a present value savings of \$1,432,665. The refunding bonds will be called on April 1, 2023.

Current Refunding

The District issued \$4,171,000 Taxable General Obligation Refunding Bonds to retire the remaining maturities of the July 16, 2019 General Obligation Refunding Bonds totaling \$4,245,000. The refunding reduced total debt service payments by \$263,204 and present value savings of by \$247,260. The refunded bonds will be called on October 1, 2021.

Other Debt Information

The District's outstanding debt from direct borrowings and direct placements contain event of default and/or termination provisions with possible finance-related consequences. District management has evaluated the event of default and/or termination provisions with possible finance-related consequences and in the opinion of District management, the likelihood is remote that these provisions will have a significant effect on the District's financial position or results of operations.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2021 was \$179,946,155.

| | | |
|---|------------------|------------------------------|
| Equalized valuation of the District | | \$ 2,160,654,327 |
| Statutory limitation percentage | | 10% |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | | <u>216,065,433</u> |
| Total outstanding general obligation debt applicable to debt limitation | \$ 37,437,000 | |
| Less: Amounts available for financing general obligation debt | | |
| Debt service fund net of accrued interest | <u>1,317,722</u> | |
| Net outstanding general obligation debt applicable to debt limitation | | <u>36,119,278</u> |
| Legal margin for new debt | | <u><u>\$ 179,946,155</u></u> |

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2021 follows:

| Year Ended June 30, | Principal District | Interest | Total |
|------------------------|-----------------------------|----------------------------|-----------------------------|
| 2022 | \$ 4,185,000 | \$ 1,080,524 | \$ 5,265,524 |
| 2023 | 4,284,000 | 850,715 | 5,134,715 |
| 2024 | 4,386,000 | 741,560 | 5,127,560 |
| 2025 | 4,592,000 | 659,711 | 5,251,711 |
| 2026 | 4,569,000 | 567,104 | 5,136,104 |
| 2027-2031 | 11,896,000 | 1,476,060 | 13,372,060 |
| 2032-2036 | 3,025,000 | 396,403 | 3,421,403 |
| 2037 | <u>500,000</u> | <u>15,625</u> | <u>515,625</u> |
| Total | <u><u>\$ 37,437,000</u></u> | <u><u>\$ 5,787,702</u></u> | <u><u>\$ 43,224,702</u></u> |

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 6 – Defined Benefit Pension Plans

Wisconsin Retirement System

General Information About the Pension Plan

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 6 – Defined Benefit Pension Plans (Continued)**Post-Retirement Adjustments. (Continued)**

The Core and Variable annuity adjustments granted during recent years are as follows:

| <u>Year</u> | <u>Core Fund Adjustment</u> | <u>Variable Fund Adjustment</u> |
|-------------|-----------------------------|---------------------------------|
| 2011 | (1.2)% | 11% |
| 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) |
| 2020 | 1.7 | 21 |

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

During the reporting period, the WRS recognized \$2,693,706 in contributions from the District

Contribution rates as of June 30, 2021 are:

| Employee Category | Employee | Employer |
|--|-----------------|-----------------|
| General (including teachers, executives, and elected officials) | 6.75% | 6.75% |

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

At June 30, 2021, the District reported an asset of \$16,543,225 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.26498251%, which was an increase of 0.00007026% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension income of \$1,722,531.

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 6 – Defined Benefit Pension Plans (Continued)

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

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between pension plan - projected and actual experiences | \$ 23,943,126 | \$ 5,157,306 |
| Changes in assumptions | 375,232 | - |
| Net differences between pension plan - projected and actual earnings on pension plan investments | - | 31,058,558 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 60,347 | 31,096 |
| Employer contributions subsequent to the measurement date | 1,518,969 | - |
| Total | <u>\$ 25,897,674</u> | <u>\$ 36,246,960</u> |

The \$1,518,969 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Net Deferred Inflows of Resources</u> |
|---------------------------------|--|
| 2022 | \$ (3,035,560) |
| 2023 | (811,076) |
| 2024 | (5,634,392) |
| 2025 | (2,387,227) |
| | <u>\$ (11,868,255)</u> |

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 6 – Defined Benefit Pension Plans (Continued)

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

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

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

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

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

Asset Allocation Targets and Expected Returns as of December 31, 2020

| Core Fund Asset Class | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------------|-----------------------|--|---|
| Global Equities | 51.0% | 7.2% | 4.7% |
| Fixed Income | 25.0 | 3.2 | 0.8 |
| Inflation Sensitive Assets | 16.0 | 2.0 | (0.4) |
| Real Estate | 8.0 | 5.6 | 3.1 |
| Private Equity/Debt | 11.0 | 10.2 | 7.6 |
| Multi-Asset | 4.0 | 5.8 | 3.3 |
| Total Core Fund | 115.0% * | 6.6% | 4.1% |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. Equities | 70.0% | 6.6% | 4.1% |
| International Equities | 30.0 | 7.4 | 4.9 |
| Total Variable Fund | 100.0% | 7.1% | 4.6% |

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

* Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 6 – Defined Benefit Pension Plans (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 municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase To Discount Rate (8.00%) |
|--|---|--|---|
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 15,746,858 | \$ (16,543,225) | \$ (40,260,051) |

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

Payables to the Pension Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2021 is \$377,775 for June payroll.

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits

Plan Description. The Plan is a single-employer defined benefit postemployment health plan that covers eligible retired employees of the District. OPEB benefits are no longer offered to active employees, as the District closed the plan as of July 1, 2016. To be eligible, District employees were required to retire by June 30, 2016, and meet the following age and service requirements:

| Classification | Eligibility | | Maximum Years of Benefits School Year Retiring | | | Type of Benefit |
|--|-------------|---------|---|------|------------------|----------------------|
| | Age | Service | 2015 | 2016 | 2017 or Later | |
| Administrators | 57 | 10 | 5.0 | 4.0 | None | Medical, Dental Life |
| | 57 | 11 | 5.5 | 4.0 | None | Medical, Dental Life |
| | 57 | 12+ | 6.0 | 4.0 | None | Medical, Dental Life |
| Teachers, Educational Assistants, Secretaries | 55 | 15 | 6.0 | 4.0 | None | Medical |
| Instructional Support | 55 | 15 | 6.0 | 4.0 | None | Medical, Life |
| Administrative Assistant | 55 | 15 | 6.0 | 4.0 | None | Medical, Dental Life |

Benefits Provided. Eligible retired employees have access to group medical, dental and life insurance coverage through the District's group plan, as summarized above.

Plan Participants. The following plan participants were covered by the Plan as of July 1, 2021:

| | |
|--------------------|-----------|
| Active Employees | - |
| Inactive employees | 24 |
| | <u>24</u> |

Contributions. The District contributes the employer share of the premium for medical, dental and life insurance for eligible retirees and their dependents. The retiree remains responsible for the employee share of the premium.

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

| | |
|-----------------------------|---|
| Actuarial Valuation Date | July 1, 2020 rolled back to June 30,2020 |
| Measurement Date | June 30,2021 |
| Actuarial Cost Method | Entry Age Normal Level Percent of pay |
| Discount Rate | 3.50% |
| Inflation Rate | 2.25% |
| Investment Rate of Return | 2.16% |
| Healthcare cost trend Rates | Level at 5.0% |
| Dental Cost Trend Rates | Level at 2.0% |

SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

Mortality rates are a blend of the Death-In-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2015 - 2017 Experience Study" with the MP-2018 generational improvement scale (multiplied by 50%). The actuarial assumptions used in the July 1, 2020 valuation were based on Wisconsin Retirement System's Three-Year Experience Study for the period 2015 through 2017.

The long-term expected rate of return on OPEB plan investments was valued at 2.16%, which is consistent with the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that the OPEB plan's fiduciary net position was sufficient to make all projected OPEB payments for current plan participants. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Changes in the Net OPEB Liability (Asset):

| | Increase (Decrease) | | |
|---|---------------------------------|--|---------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Asset |
| | (a) | (b) | (a) - (b) |
| Balances at 7/1/20 | \$ 1,704,888 | \$ 4,256,870 | \$ (2,551,982) |
| Changes for the year: | | | |
| Service Cost | - | - | - |
| Interest | 43,550 | - | 43,550 |
| Changes of Benefit Terms | (4,985) | - | (4,985) |
| Differences Between Expected and Actual Experience | (573,036) | - | (573,036) |
| Changes of Assumptions or Other Input | (727) | - | (727) |
| Contributions - Employer | - | 312,393 | (312,393) |
| Net Investment Income | - | 307,412 | (307,412) |
| Benefit Payments | (921,208) | (921,208) | - |
| Administrative Expense | - | (11,570) | 11,570 |
| Net Changes | (1,456,406) | (312,973) | (1,143,433) |
| Balances at 6/30/21 | \$ 248,482 | \$ 3,943,897 | \$ (3,695,415) |

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate. The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset 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:

| | Current | | |
|---------------------------|--------------------------------|----------------------------------|--------------------------------|
| | 1% Decrease (2.50%) | Discount Rate (3.50%) | 1% Increase (4.50%) |
| Net OPEB Liability | \$ (3,693,985) | \$ (3,695,415) | \$ (3,696,810) |

SCHOOL DISTRICT OF БЕЛОIT
Notes to the Financial Statements
June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

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

| | 1% Decrease (4.0%) | Healthcare Cost Trend Rates (5.0%) | 1% Increase (6.0%) |
|---------------------------|-------------------------------|---|-------------------------------|
| Net OPEB Liability | \$ (3,696,805) | \$ (3,695,415) | \$ (3,694,017) |

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. Plan fiduciary net position was 1,587.20% of the total OPEB liability.

Investments. The Plan does not have a separate investment policy from the District. At June 30, 2021, 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, 2021 are entirely in cash and in short-term investments in mutual funds. 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, 2021, the annual money-weighted rate of return, net of investment expenses, was 7.50%, and this is assumed to be the best estimate of the long-term arithmetic rate of return for the Plan's investments.

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

For the year ended June 30, 2021, the District recognized OPEB income of \$2,996,548. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Net differences between projected and actual earnings on pension plan investments | \$ 9,903 | \$ 141,190 |

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:

| Year Ending June 30, | Net Deferred Outflows (Inflows) of Resources |
|---------------------------------|---|
| 2022 | \$ (29,837) |
| 2023 | (33,266) |
| 2024 | (36,502) |
| 2025 | (31,682) |
| | \$ (131,287) |

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

Payable to the OPEB Plan. At June 30, 2021, the District did not record a payable for the outstanding amount of contribution to the Plan required for the year ended June 30, 2021.

Note 8 – Fund Equity

District-Wide Statements

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

| | |
|--|----------------|
| Net Investment in Capital Assets | |
| Net Capital Assets | \$ 128,457,417 |
| Less: Related Long-Term Debt Outstanding | (37,437,000) |
| Less: Debt Premium | (607,314) |
| Add: Deferred Loss on Advance Refunding | 189,165 |
| Net Investment in Capital Assets | 90,602,268 |
| Restricted for | |
| Pension Benefits - Cost Sharing Plan | 6,193,939 |
| Postemployment Benefits - Other than Pension | 3,564,128 |
| Self Insurance | 1,902,735 |
| Future Debt Service | 1,317,722 |
| Capital Projects | 100 |
| Food Service | 936,140 |
| Donor Intentions | 496,711 |
| Total Restricted | 14,411,475 |
| Unrestricted | 18,519,426 |
| Total District-Wide Net Position | \$ 123,533,169 |

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy of maintaining 14 - 25% of the subsequent year general fund expenditures in unassigned fund balance. If this fund balance falls below 14%; the Board is required to use budget measures to replenish the fund balance.

| | |
|--|--|
| Budgeted 2021-2022 General Fund operating expenditures | \$92,371,347 |
| Minimum fund balance % | x 14% x 25% |
| Minimum fund balance amount | \$ 12,931,989 \$ 23,092,837 |

The District's unassigned General Fund Balance of \$18,424,276 is within the targeted fund balance range.

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 9 – Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount has been approved by a referendum.

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

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

Note 10 – Contingencies

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

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2021, are not likely to have a material adverse impact on the District's financial position.

Note 11 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and natural disasters. The District insures through commercial insurance companies for all risks of loss. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

Note 12 –Self-Insurance

The District has a self-funded health and dental insurance plan for its employees. At June 30, 2021, the District has reported a liability of \$1,868,463, which represents reported and unreported claims which were incurred on or before June 30, 2021, but were not paid by the District as of that date. This amount consists of claims which were not yet reported to either Plan administrator or the District of \$1,868,463. The amounts not reported to the District were determined by the Plan administrator.

| | Beginning-of- Fiscal Year Liability | Current-Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year- End |
|-------------|--|---|---------------------------|--|
| 2018 - 2019 | \$ 1,299,534 | \$ 12,931,945 | \$ 12,640,562 | \$ 1,590,917 |
| 2019 - 2020 | 1,590,917 | 13,081,791 | 13,066,849 | 1,605,859 |
| 2020 - 2021 | 1,605,859 | 18,376,526 | 18,113,922 | 1,868,463 |

SCHOOL DISTRICT OF BELOIT
Notes to the Financial Statements
June 30, 2021

Note 13 – Upcoming Accounting Pronouncement

GASB Statement No. 87, Leases

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The pronouncement will be effective for year ending June 30, 2022. The District is evaluating the impact these standards will have on the financial statements when adopted.

Note 14 – Cumulative Effect of Change in Accounting Principle

As a result of the District implementing GASB Statement No. 84, the Special Revenue Fund fund balance, General District-Wide statement of net position, and fiduciary fund net position has been restated as of June 30, 2020. The following is a summary of the changes in net position and fund balance at June 30, 2020.

| | District-Wide | Special Revenue Fund |
|---|----------------------|---------------------------------|
| Net Position/Fund Balance - as of June 30, 2020 | \$ 104,470,238 | \$ 295,851 |
| Implementation of GASB 84 | 16,320 | 16,320 |
| Net Position/Fund Balance - As Restated June 30, 2020 | \$ 104,486,558 | \$ 312,171 |
| <u>Custodial Fund</u> | | |
| Net Position - as of June 30, 2020 | \$ - | |
| Implementation of GASB 84 | 66,940 | |
| Net Position/Fund Balance - As Restated June 30, 2020 | \$ 66,940 | |

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF BELOIT
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)
Last 10 Fiscal Years*

| WRS Fiscal Year End Date (Measurement Date) | District's Proportion of the Net Pension Asset/Liability | District's Proportionate Share of the Net Pension (Asset)/Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|--|---|----------------------------------|---|--|
| 12/31/2020 | 0.26498251% | \$ (16,543,225) | \$ 43,852,410 | 37.72% | 105.26% |
| 12/31/2019 | 0.26491225% | (8,541,980) | 42,244,612 | 20.22% | 102.96% |
| 12/31/2018 | 0.26803457% | 9,535,829 | 41,042,506 | 23.23% | 96.45% |
| 12/31/2017 | 0.27705182% | (8,255,997) | 39,161,065 | 21.08% | 102.93% |
| 12/31/2016 | 0.28572704% | 2,355,073 | 39,495,041 | 5.96% | 99.12% |
| 12/31/2015 | 0.29772012% | 4,837,864 | 42,044,113 | 11.51% | 98.20% |
| 12/31/2014 | 0.30396000% | (7,465,264) | 40,219,358 | 18.56% | 102.74% |

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

| District Year End Date | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---------------------------|--|---|--|--------------------|---|
| 6/30/2021 | \$ 2,693,706 | \$ 2,693,706 | \$ - | \$ 39,906,747 | 6.75% |
| 6/30/2020 | 2,905,808 | 2,905,808 | - | 43,537,212 | 6.67% |
| 6/30/2019 | 2,754,824 | 2,754,824 | - | 41,581,316 | 6.63% |
| 6/30/2018 | 2,711,835 | 2,711,835 | - | 40,177,181 | 6.75% |
| 6/30/2017 | 2,683,717 | 2,683,717 | - | 40,080,645 | 6.70% |
| 6/30/2016 | 2,678,140 | 2,678,140 | - | 39,931,813 | 6.71% |
| 6/30/2015 | 3,047,621 | 3,047,621 | - | 44,129,556 | 6.91% |

*Ten years of information will be accumulated and presented beginning with the Districts fiscal year ended June 30, 2015.

SCHOOL DISTRICT OF BELOIT

Schedule of Changes in Net OPEB Asset Fiduciary Net Position, and Related Ratios
Other Post-Employment Benefits
Last 10 Measurement Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 43,550 | 94,478 | 228,659 | 299,392 | 365,438 |
| Changes of Benefit Terms | (4,985) | - | - | - | - |
| Differences Between Expected and Actual Experience | (573,036) | - | (2,679,197) | - | - |
| Changes of Assumptions | (727) | - | (210,098) | - | - |
| Benefit Payments | (909,638) | (1,078,708) | (1,162,876) | (1,241,717) | (2,007,962) |
| Administrative Expenses | (11,570) | (10,236) | (10,236) | (9,375) | (8,612) |
| Net Change in Total OPEB Liability | <u>(1,456,406)</u> | <u>(994,466)</u> | <u>(3,833,748)</u> | <u>(951,700)</u> | <u>(1,651,136)</u> |
| Total OPEB Liability - Beginning | <u>1,704,888</u> | <u>2,699,354</u> | <u>6,533,102</u> | <u>7,484,802</u> | <u>9,135,938</u> |
| Total OPEB Liability - Ending (a) | <u>\$ 248,482</u> | <u>\$ 1,704,888</u> | <u>\$ 2,699,354</u> | <u>\$ 6,533,102</u> | <u>\$ 7,484,802</u> |
| Fiduciary Net Position | | | | | |
| Contributions - Employer | \$ 312,393 | \$ - | \$ 1,820,651 | \$ 1,973,944 | \$ 2,272,081 |
| Contributions - Plan Member | | 22,412 | 33,803 | 44,291 | 47,563 |
| Net Investment Income | 307,412 | 203,293 | 155,156 | 118,760 | 115,790 |
| Benefit Payments | (921,208) | (1,078,708) | (1,162,876) | (1,241,717) | (2,007,962) |
| Administrative Expense | (11,570) | (10,236) | (10,236) | (9,375) | (8,612) |
| Net Change in Fiduciary Net Position | <u>(312,973)</u> | <u>(863,239)</u> | <u>836,498</u> | <u>885,903</u> | <u>418,860</u> |
| Fiduciary Net Position - Beginning | <u>4,256,870</u> | <u>5,120,109</u> | <u>4,283,611</u> | <u>3,397,708</u> | <u>2,978,848</u> |
| Fiduciary Net Position - Ending (b) | <u>\$ 3,943,897</u> | <u>\$ 4,256,870</u> | <u>\$ 5,120,109</u> | <u>\$ 4,283,611</u> | <u>\$ 3,397,708</u> |
| Net OPEB Liability (Asset) (a) - (b) | <u>\$ (3,695,415)</u> | <u>\$ (2,551,982)</u> | <u>\$ (2,420,755)</u> | <u>\$ 2,249,491</u> | <u>\$ 4,087,094</u> |
| Fiduciary Net Position as a Percentage of the Total OPEB Liability | 1587.20% | 249.69% | 189.68% | 65.57% | 45.39% |
| Covered-Employee Payroll | \$ 54,686,990 | \$ 41,401,714 | \$ 40,589,916 | \$ 39,196,906 | \$ 37,546,638 |
| Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll | -6.76% | -6.16% | -5.96% | 5.74% | 10.89% |
| Annual Money-Weighted Rate of Return, Net of Investment Expenses | 7.50% | 4.34% | 3.30% | 3.09% | 3.63% |

*Ten years of data will be accumulated beginning with 2017.

SCHOOL DISTRICT OF BELOIT
Schedule of Employer Contributions - Other Post-Employment Benefits
Last 10 Measurement Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---|---|---|-----------------------|-----------------------|
| Actuarially Determined Contribution | \$ (944,182) | \$ (454,299) | \$ 367,892 | \$ 680,949 | \$ 680,949 |
| Contributions in Relation to the Actuarially Determined Contribution | 13,309 | - | 1,854,454 | 1,973,944 | 1,973,944 |
| Contribution Deficiency (Excess) | <u>\$ (957,491)</u> | <u>\$ (454,299)</u> | <u>\$ (1,486,562)</u> | <u>\$ (1,292,995)</u> | <u>\$ (1,292,995)</u> |
| Covered-Employee Payroll | \$ 54,686,990 | \$ 41,401,714 | \$ 40,589,916 | \$ 39,196,906 | \$ 37,546,638 |
| Contributions as a percentage of Covered-Employee Payroll | 0.02% | 0.00% | 4.57% | 5.04% | 5.26% |
| Key Methods and Assumptions Used to Calculate ADC | | | | | |
| Actuarial Cost Method | Entry Age Normal - Level % of Salary | Entry Age Normal - Level % of Salary | Entry Age Normal - Level % of Salary | | |
| Asset Valuation Method | Market Value | Market Value | Market Value | | |
| Amortization Method | 5 Year Level Dollar | 5 Year Level Dollar | 6 Year Level Dollar | | |
| Discount Rate | 3.50% | 3.50% | 3.50% | | |
| Asset Earnings Rate | 2.16% | 3.50% | 3.50% | | |

*Ten years of data will be accumulated beginning with 2017.
Amounts for prior periods are not available.

SCHOOL DISTRICT OF БЕЛОIT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2021

| | Budgeted Amounts | | Actual Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|----------------------|----------------------|------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 4,277,062 | \$ 4,277,062 | \$ 4,281,884 | \$ 4,822 |
| Other Local Sources | 1,503,047 | 1,503,047 | 1,133,070 | (369,977) |
| Interdistrict Sources | 55,800 | 55,800 | 6,678 | (49,122) |
| Intermediate Sources | - | - | 2,000 | 2,000 |
| State Sources | 76,401,542 | 77,369,000 | 77,160,574 | (208,426) |
| Federal Sources | 6,837,359 | 9,021,970 | 8,548,153 | (473,817) |
| Other Sources | 283,000 | 283,000 | 422,292 | 139,292 |
| Total Revenues | 89,357,810 | 92,509,879 | 91,554,651 | (955,228) |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Regular Instruction | 30,166,022 | 35,288,791 | 33,251,303 | 2,037,488 |
| Vocational Instruction | 1,643,587 | 1,729,736 | 1,599,653 | 130,083 |
| Physical Instruction | 2,000,301 | 1,994,432 | 1,986,768 | 7,664 |
| Other Instruction | 4,140,131 | 4,160,386 | 3,832,102 | 328,284 |
| Total Instruction | 37,950,041 | 43,173,345 | 40,669,826 | 2,503,519 |
| Support Services | | | | |
| Pupil Services | 3,849,126 | 3,994,130 | 3,832,844 | 161,286 |
| Instructional Staff Services | 6,320,395 | 5,886,310 | 5,977,451 | (91,141) |
| General Administration Services | 1,189,343 | 1,185,043 | 1,347,036 | (161,993) |
| School Building Administration Services | 5,558,094 | 5,547,542 | 5,659,900 | (112,358) |
| Business Services | 745,071 | 745,421 | 811,871 | (66,450) |
| Operations and Maintenance | 12,030,526 | 10,222,454 | 9,538,822 | 683,632 |
| Pupil Transportation | 1,335,212 | 1,393,878 | 1,283,709 | 110,169 |
| Internal Services | 372,490 | 372,490 | 430,132 | (57,642) |
| Central Services | 1,094,498 | 1,099,681 | 1,052,712 | 46,969 |
| Insurance | 569,351 | 569,351 | 695,960 | (126,609) |
| Debt Service | | | | |
| Principal | 209,007 | 209,007 | 33,025 | 175,982 |
| Interest and fiscal charges | 691 | 691 | 690 | 1 |
| Other Support Services | 1,655,339 | 1,757,200 | 2,188,265 | (431,065) |
| Total Support Services | 34,929,143 | 32,983,198 | 32,852,417 | 130,781 |
| Non-Program Transactions | | | | |
| General Tuition Payments | 6,540,535 | 6,674,824 | 7,384,542 | (709,718) |
| Voucher Payments | 1,200,000 | 1,200,000 | 1,452,352 | (252,352) |
| Adjustments and Refunds | 597,175 | - | 127,890 | (127,890) |
| Total Non-Program Transactions | 8,337,710 | 7,874,824 | 8,964,784 | (1,089,960) |
| Total Expenditures | 81,216,894 | 84,031,367 | 82,487,027 | 1,544,340 |
| EXCESS OF REVENUES OVER EXPENDITURES | 8,140,916 | 8,478,512 | 9,067,624 | 589,112 |
| OTHER FINANCING SOURCES (USE) | | | | |
| Sale of Land and Real Property | 50,000 | 50,000 | 176,360 | 126,360 |
| Other Financing Sources - Capital Lease | 703,925 | 691,605 | - | (691,605) |
| Transfer to Other Funds | (10,872,772) | (10,018,690) | (9,125,545) | 893,145 |
| Total Other Financing Sources (Use) | (10,118,847) | (9,277,085) | (8,949,185) | 327,900 |
| NET CHANGE IN FUND BALANCE | (1,977,931) | (798,573) | 118,439 | 917,012 |
| FUND BALANCE - BEGINNING OF YEAR | 20,341,939 | 20,341,939 | 20,341,939 | - |
| FUND BALANCE - END OF YEAR | \$ 18,364,008 | \$ 19,543,366 | \$ 20,460,378 | \$ 917,012 |

SCHOOL DISTRICT OF BELOIT
Notes to the Required Supplementary Information
June 30, 2021

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 using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data:

- a. Based upon requests from district staff, district administration recommends budget proposals to the school board.
- b. The school board reviews a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c. Pursuant to a public budget hearing, the school board may make alterations to the proposed budget.
- d. Once the school board (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 school board.

Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the basic financial statements.

There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes the special education fund was budgeted separate from the general fund, but for GAAP the two are combined. There is a reconciliation to the statement of revenues, expenditures and changes in fund balances provided as part of the notes to the required supplementary information.

Excess of Actual Expenditures Over Budget

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

| Individual Function | Excess Expenditures |
|---|------------------------|
| General Fund | |
| Instructional Staff Services | \$ 91,141 |
| General Administration Services | 161,993 |
| School Building Administration Services | 112,358 |
| Business Services | 66,450 |
| Internal Services | 57,642 |
| Insurance | 126,609 |
| Other Support Services | 431,065 |
| General Tuition Payments | 709,718 |
| Voucher Payments | 252,352 |
| Adjustments and Refunds | 127,890 |
| Special Education Fund | |
| Pupil Transportation | 59,724 |
| Non-Program Transaction | 58,131 |

SCHOOL DISTRICT OF BELOIT
Notes to Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

| | General Fund |
|--|---------------------|
| Sources/Inflows of Resources: | |
| Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Sources" from the Schedule of Revenues, Expenditures and Changes in Fund Balance | \$ 91,731,011 |
| Differences – Budget to GAAP: | |
| The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund | 5,730,201 |
| Total Revenues as Reported on the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds | \$ 97,461,212 |
| Uses/Outflows of Resources: | |
| Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Uses" from the Schedule of Revenues, Expenditures and Changes in Fund Balance | \$ 91,612,572 |
| Differences – Budget to GAAP: | |
| The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund | 14,851,759 |
| The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund. | (9,121,558) |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | \$ 97,342,773 |

SCHOOL DISTRICT OF BELOIT
Notes to Required Supplementary Information (Continued)
June 30, 2021

Defined Benefit Pension Plan

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

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

Post-Employment Benefits Other Than Pension Benefits

Changes of benefit terms. There were no changes of benefit terms for the District's single-employer plan providing health insurance benefits to retirees.

Changes of assumptions. As of the measurement date of June 30, 2021, the assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.50% to 2.16% for the current year.

The total OPEB liability decreased due to the follow:

- Repeal of the Cadillac Tax legislation reduced the liability by approximately \$5,000.
- The demographic experience valuation of the census went from 86 retirees to 24 eligible retirees. This change reduced the total OPEB liability by approximately \$573,000.
- The total OPEB liability decreased by approximately \$878,000 for a changed in expected experience.

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF БЕЛОIT

Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2021

| | Special Revenue | | | | Debt Service | Capital Projects | Total Nonmajor Governmental Funds |
|--|-----------------------------|---------------------|-----------------------|-------------------------|--------------------------------|-------------------------------------|---|
| | Special Revenue Trust | Food Service | Community Services | Co-operative Program | Non-Referendum Debt Service | Long-term Capital Improvement | |
| ASSETS | | | | | | | |
| Cash and Investments | \$ 289,480 | \$ 853,754 | \$ 206,960 | \$ - | \$ 663,772 | \$ 100 | \$ 2,014,066 |
| Taxes Receivable | - | - | - | - | 3,935 | - | 3,935 |
| Accounts Receivable | - | 3,848 | - | - | - | - | 3,848 |
| Due from Federal Government | - | 528,419 | - | - | - | - | 528,419 |
| Inventory | - | 72,955 | - | - | - | - | 72,955 |
| Prepaid Expenses | 350 | - | - | - | - | - | 350 |
| Total Assets | <u>\$ 289,830</u> | <u>\$ 1,458,976</u> | <u>\$ 206,960</u> | <u>\$ -</u> | <u>\$ 667,707</u> | <u>\$ 100</u> | <u>\$ 2,623,573</u> |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 79 | \$ 432,523 | \$ - | \$ - | \$ - | \$ - | \$ 432,602 |
| Unearned Revenue | - | 17,358 | - | - | - | - | 17,358 |
| Total Liabilities | <u>79</u> | <u>449,881</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>449,960</u> |
| FUND BALANCES | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | - | 72,955 | - | - | - | - | 72,955 |
| Prepaid Expenses | 350 | - | - | - | - | - | 350 |
| Restricted | 289,401 | 936,140 | 206,960 | - | 667,707 | 100 | 2,100,308 |
| Total Fund Balances | <u>289,751</u> | <u>1,009,095</u> | <u>206,960</u> | <u>-</u> | <u>667,707</u> | <u>100</u> | <u>2,173,613</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 289,830</u> | <u>\$ 1,458,976</u> | <u>\$ 206,960</u> | <u>\$ -</u> | <u>\$ 667,707</u> | <u>\$ 100</u> | <u>\$ 2,623,573</u> |

SCHOOL DISTRICT OF БЕЛОIT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

| | Special Revenue | | | | Debt Service | Capital Projects | Total |
|--|-------------------|---------------------|-------------------|----------------|-------------------|---------------------|---------------------|
| | Special Revenue | Food | Community | Co-operative | Non-Referendum | Long-term | |
| | Trust | Service | Services | Program | Debt Service | Capital Improvement | |
| REVENUES | | | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ 965,713 | \$ - | \$ 965,713 |
| Other Local Sources | 36,755 | 4,321 | - | - | 680 | - | 41,756 |
| Intermediate Sources | - | - | - | 3,655 | - | - | 3,655 |
| State Sources | - | 81,672 | - | - | - | - | 81,672 |
| Federal Sources | - | 3,444,677 | - | - | - | - | 3,444,677 |
| Other Sources | - | 1,542 | - | - | - | - | 1,542 |
| Total Revenues | <u>36,755</u> | <u>3,532,212</u> | <u>-</u> | <u>3,655</u> | <u>966,393</u> | <u>-</u> | <u>4,539,015</u> |
| EXPENDITURES | | | | | | | |
| Instruction: | | | | | | | |
| General Instruction | 2,146 | - | - | - | - | - | 2,146 |
| Vocational Instruction | 76 | - | - | 5,281 | - | - | 5,357 |
| Other Instruction | 56,326 | - | - | 2,361 | - | - | 58,687 |
| Total Instruction | <u>58,548</u> | <u>-</u> | <u>-</u> | <u>7,642</u> | <u>-</u> | <u>-</u> | <u>66,190</u> |
| Support Services: | | | | | | | |
| Instructional Staff Services | 297 | - | - | - | - | - | 297 |
| Business Services | - | 13,660 | - | - | - | - | 13,660 |
| Operations and Maintenance | - | 28,077 | - | - | - | - | 28,077 |
| Transportation Services | 330 | - | - | - | - | - | 330 |
| Food Services | - | 3,863,950 | - | - | - | - | 3,863,950 |
| Central Services | - | 657 | - | - | - | - | 657 |
| Debt Service | | | | | | | |
| Principal | - | - | - | - | 627,348 | - | 627,348 |
| Interest and Fiscal Charges | - | - | - | - | 245,660 | - | 245,660 |
| Adjustments and Refunds | - | 1,222 | - | - | - | - | 1,222 |
| Total Support Services | <u>627</u> | <u>3,907,566</u> | <u>-</u> | <u>-</u> | <u>873,008</u> | <u>-</u> | <u>4,781,201</u> |
| Total Expenditures | <u>59,175</u> | <u>3,907,566</u> | <u>-</u> | <u>7,642</u> | <u>873,008</u> | <u>-</u> | <u>4,847,391</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(22,420)</u> | <u>(375,354)</u> | <u>-</u> | <u>(3,987)</u> | <u>93,385</u> | <u>-</u> | <u>(308,376)</u> |
| OTHER FINANCING SOURCES (USE) | | | | | | | |
| Equipment and Vehicle Sales | - | 3,309 | - | - | - | - | 3,309 |
| Transfer from General Fund | - | - | - | 3,987 | - | - | 3,987 |
| Proceeds from Long-Term Debt | - | - | - | - | 4,171,000 | - | 4,171,000 |
| Payment to Escrow Agent - Current Refunding | - | - | - | - | (4,281,365) | - | (4,281,365) |
| Total Other Financing Sources (Use) | <u>-</u> | <u>3,309</u> | <u>-</u> | <u>3,987</u> | <u>(110,365)</u> | <u>-</u> | <u>(103,069)</u> |
| NET CHANGES IN FUND BALANCES | <u>(22,420)</u> | <u>(372,045)</u> | <u>-</u> | <u>-</u> | <u>(16,980)</u> | <u>-</u> | <u>(411,445)</u> |
| FUND BALANCES - BEGINNING OF YEAR - AS RESTATED | <u>312,171</u> | <u>1,381,140</u> | <u>206,960</u> | <u>-</u> | <u>684,687</u> | <u>100</u> | <u>2,585,058</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 289,751</u> | <u>\$ 1,009,095</u> | <u>\$ 206,960</u> | <u>\$ -</u> | <u>\$ 667,707</u> | <u>\$ 100</u> | <u>\$ 2,173,613</u> |

SCHOOL DISTRICT OF BELOIT

Combining Schedule of Internal General and Special Education Funds - Balance Sheet
As of June 30, 2021

| | <u>General</u> | <u>Special Education</u> | <u>Total General Fund</u> |
|--|----------------------|------------------------------|-----------------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 23,954,951 | \$ 1,032,388 | \$ 24,987,339 |
| Receivables: | | | |
| Taxes | 3,394,606 | - | 3,394,606 |
| Accounts | 47,295 | - | 47,295 |
| Due from State Government | 1,100,550 | - | 1,100,550 |
| Due from Federal Government | 2,799,467 | 222,747 | 3,022,214 |
| Prepaid Items | 133,367 | - | 133,367 |
| TOTAL ASSETS | <u>\$ 31,430,236</u> | <u>\$ 1,255,135</u> | <u>\$ 32,685,371</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts Payable | \$ 1,989,719 | \$ 23,637 | \$ 2,013,356 |
| Accrued Liabilities | | | |
| Payroll, Payroll Taxes, Insurance | 5,359,479 | 1,230,773 | 6,590,252 |
| Due to Other Governments | 485 | - | 485 |
| Self-Insurance Deposits Payable | 1,751,712 | - | 1,751,712 |
| Health Benefit Claims Payable | 1,868,463 | - | 1,868,463 |
| Deferred Revenue | - | 725 | 725 |
| Total Liabilities | <u>10,969,858</u> | <u>1,255,135</u> | <u>12,224,993</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid Expenses | 133,367 | - | 133,367 |
| Restricted | | | |
| Self Insurance | 1,902,735 | - | 1,902,735 |
| Unassigned | 18,424,276 | - | 18,424,276 |
| Total Fund Balances | <u>20,460,378</u> | <u>-</u> | <u>20,460,378</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 31,430,236</u> | <u>\$ 1,255,135</u> | <u>\$ 32,685,371</u> |

SCHOOL DISTRICT OF БЕЛОIT
Combining Schedule of Internal General and Special Education Funds -
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

| | General | Special Education | Total General Fund |
|--|----------------------|----------------------|--------------------------|
| REVENUES | | | |
| Property Taxes | \$ 4,281,884 | \$ - | \$ 4,281,884 |
| Other Local Sources | 1,133,070 | - | 1,133,070 |
| Interdistrict Sources | 6,678 | - | 6,678 |
| Intermediate Sources | 2,000 | - | 2,000 |
| State Sources | 77,160,574 | 3,949,573 | 81,110,147 |
| Federal Sources | 8,548,153 | 1,776,863 | 10,325,016 |
| Other Sources | 422,292 | 3,765 | 426,057 |
| Total Revenues | <u>91,554,651</u> | <u>5,730,201</u> | <u>97,284,852</u> |
| EXPENDITURES | | | |
| Instruction | | | |
| Regular Instruction | 33,251,303 | - | 33,251,303 |
| Vocational Instruction | 1,599,653 | - | 1,599,653 |
| Physical Instruction | 1,986,768 | - | 1,986,768 |
| Special Instruction | - | 9,955,673 | 9,955,673 |
| Other Instruction | 3,832,102 | 18,985 | 3,851,087 |
| Total Instruction | <u>40,669,826</u> | <u>9,974,658</u> | <u>50,644,484</u> |
| Support Services | | | |
| Pupil Services | 3,832,844 | 2,484,071 | 6,316,915 |
| Instructional Staff Services | 5,977,451 | 815,265 | 6,792,716 |
| General Administration Services | 1,347,036 | - | 1,347,036 |
| School Building Administration Services | 5,659,900 | - | 5,659,900 |
| Business Services | 811,871 | - | 811,871 |
| Operations and Maintenance | 9,538,822 | 688 | 9,539,510 |
| Pupil Transportation | 1,283,709 | 1,149,293 | 2,433,002 |
| Internal Services | 430,132 | - | 430,132 |
| Central Services | 1,052,712 | 3,669 | 1,056,381 |
| Insurance | 695,960 | - | 695,960 |
| Debt Service | | | |
| Principal | 33,025 | - | 33,025 |
| Interest and Fiscal Charges | 690 | - | 690 |
| Other Support Services | 2,188,265 | - | 2,188,265 |
| Total Support Services | <u>32,852,417</u> | <u>4,452,986</u> | <u>37,305,403</u> |
| Non-Program Transactions | | | |
| General Tuition Payments | 7,384,542 | - | 7,384,542 |
| Non-Program Payments | - | 424,115 | 424,115 |
| Voucher Payments | 1,452,352 | - | 1,452,352 |
| Adjustments and Refunds | 127,890 | - | 127,890 |
| Total Non-Program Transactions | <u>8,964,784</u> | <u>424,115</u> | <u>9,388,899</u> |
| Total Expenditures | <u>82,487,027</u> | <u>14,851,759</u> | <u>97,338,786</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>9,067,624</u> | <u>(9,121,558)</u> | <u>(53,934)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of Land and Real Property | 176,360 | - | 176,360 |
| Transfer from Other Funds | - | 9,121,558 | 9,121,558 |
| Transfer to Other Funds | (9,125,545) | - | (9,125,545) |
| Total Other Financing Sources (Uses) | <u>(8,949,185)</u> | <u>9,121,558</u> | <u>172,373</u> |
| NET CHANGES IN FUND BALANCES | 118,439 | - | 118,439 |
| FUND BALANCES - BEGINNING OF YEAR | 20,341,939 | - | 20,341,939 |
| FUND BALANCES - END OF YEAR | <u>\$ 20,460,378</u> | <u>\$ -</u> | <u>\$ 20,460,378</u> |

ADDITIONAL REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of Beloit (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 24, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Education
School District of Beloit

School District of Beloit's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying *schedule of findings and questioned costs* and *corrective action plan*. 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.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
November 24, 2021

Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by Uniform Guidance, State Single Audit Guidelines and the *Wisconsin Department of Public Instruction*

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

Report on Compliance for Each Major Federal and State Program

We have audited School District of Beloit's (District) compliance with the types of compliance requirements described in Uniform Guidance Compliance Supplement, State Single Audit Guidelines and the *Wisconsin Department of Public Instruction Audit Manual* 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, 2021. The District's major federal and state programs are identified in the accompanying summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, *State Single Audit Guidelines* and *Wisconsin Public School District Audit Manual*. Those standards, Uniform Guidance and the 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 the major federal and state programs 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 on the District's compliance.

Opinion on Each Major Federal and State Program

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

To the Board of Education
School District of Beloit

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 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 major federal and state programs 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 Uniform Guidance, State Single Audit Guidelines and the *Wisconsin Public School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
November 24, 2021

FEDERAL AND STATE AWARDS SECTION

SCHOOL DISTRICT OF BELOIT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

| Grantor Agency/Federal Program Title | ALN | Pass-Through Agency | Pass-Through Number | (Accrued) Deferred Revenue 7/1/20 | Value or Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/21 | Total Expenditures | Subrecipient Payments |
|---|---------|---------------------|----------------------------|-----------------------------------|-----------------------------------|------------------------------------|----------------------|-----------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| <i>CHILD NUTRITION CLUSTER</i> | | | | | | | | |
| NSL Area Eligible Snack Program | 10.555 | WI DPI | 2021-530413-DPI-NSLAE-566 | \$ - | \$ 42,012 | \$ 45,543 | \$ 87,555 | \$ - |
| Donated Commodities 2020-21 | 10.555 | WI DPI | 2021-530413-DPI-NSL-547 | - | 319,318 | - | 319,318 | - |
| Total National School Lunch Program | | | | - | 361,330 | 45,543 | 406,873 | - |
| Summer Food Service Program | 10.559 | WI DPI | 2020-530413-DPI-SFSP-566 | (117,149) | 117,149 | - | - | - |
| Summer Food Service Program | 10.559 | WI DPI | 2021-530413-DPI-SFSP-566 | - | 2,370,840 | 474,592 | 2,845,432 | - |
| Total Summer Food Service Program | | | | (117,149) | 2,487,989 | 474,592 | 2,845,432 | - |
| Total Child Nutrition Cluster | | | | (117,149) | 2,849,319 | 520,135 | 3,252,305 | - |
| Fresh Fruit and Vegetable Program | 10.582 | WI DPI | 2020-530413-20FFVP-OCT-376 | (41,308) | 41,308 | - | - | - |
| Fresh Fruit and Vegetable Program | 10.582 | WI DPI | 2020-530413-20FFVP-OCT-376 | - | 161,001 | 6,947 | 167,948 | - |
| Total Fresh Fruit and Vegetable Program | | | | (41,308) | 202,309 | 6,947 | 167,948 | - |
| Total U.S. Department of Agriculture | | | | (158,457) | 3,051,628 | 527,082 | 3,420,253 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | WI DPI | 2020-530413-DPI-TIA-141 | (471,073) | 471,073 | - | - | - |
| Title I Grants to Local Educational Agencies | 84.010 | WI DPI | 2021-530413-DPI-TIA-141 | - | 2,004,991 | 789,479 | 2,794,470 | - |
| Total Title I Grants to Local Educational Agencies | | | | (471,073) | 2,476,064 | 789,479 | 2,794,470 | - |
| <i>SPECIAL EDUCATION CLUSTER</i> | | | | | | | | |
| Special Education Grants to States | 84.027 | WI DPI | 2020-530413-IDEA-F-341 | (269,890) | 269,890 | - | - | - |
| Special Education Grants to States | 84.027 | WI DPI | 2021-530413-IDEA-FT-341 | - | 1,311,402 | 176,204 | 1,487,606 | - |
| Special Education Preschool Grants | 84.173 | WI DPI | 2020-530413-IDEA-DPI-P-347 | (14,354) | 14,354 | - | - | - |
| Special Education Preschool Grants | 84.173 | WI DPI | 2021-530413-IDEA-PS-347 | - | 52,017 | 21,397 | 73,414 | - |
| Total Special Education Cluster | | | | (284,244) | 1,647,663 | 197,601 | 1,561,020 | - |
| Governors Emergency Education Relief Fund - COVID-19 | 84.425C | WI DPI | 2021-530413-DPI-GEERF-162 | - | 902,035 | 192 | 902,227 | - |
| Elementary and Secondary School Emergency Relief - COVID-19 | 84.425D | WI DPI | 2021-530413-DPI-ESSERF-160 | - | 1,229,624 | 1,834,539 | 3,064,163 | - |
| Total Education Stabilization Funds | | | | - | 2,131,659 | 1,834,731 | 3,966,390 | - |
| Career and Technical Education - Basic Grants to States | 84.048 | WI DPI | 2020-530413-DPI-CTE-400 | (19,464) | 19,464 | - | - | - |
| Career and Technical Education - Basic Grants to States | 84.048 | WI DPI | 2021-530413-DPI-CTE-400 | - | 63,998 | 35,061 | 99,059 | - |
| Education for Homeless Children and Youth | 84.196 | WI DPI | 2020-530413-DPI-EHCY-335 | (10,672) | 10,672 | - | - | - |
| Education for Homeless Children and Youth | 84.196 | WI DPI | 2021-530413-DPI-EHCY-335 | - | 9,105 | - | 9,105 | - |
| Twenty-First Century Community Learning Centers | 84.287 | WI DPI | 2020-530413-CLC-DPI-367 | (33,668) | 33,668 | - | - | - |
| Twenty-First Century Community Learning Centers | 84.287 | WI DPI | 2021-530413-CLC-DPI-367 | - | 257,655 | 82,782 | 340,437 | - |
| English Language Acquisition State Grants | 84.365 | WI DPI | 2020-530413-DPI-T3-391 | (8,314) | 8,314 | - | - | - |
| English Language Acquisition State Grants | 84.365 | WI DPI | 2021-530413-DPI-T3-391 | - | 120,284 | 5,046 | 125,330 | - |
| Improving Teacher Quality State Grants | 84.367 | WI DPI | 2020-530413-TIIA-365 | (65,708) | 65,708 | - | - | - |
| Improving Teacher Quality State Grants | 84.367 | WI DPI | 2021-530413-TIIA-365 | - | 292,989 | 76,983 | 369,972 | - |
| Student Support and Academic Enrichment Program | 84.424 | WI DPI | 2021-530413-TIVA-DPI-381 | - | 196,035 | - | 196,035 | - |
| Total U.S. Department of Education | | | | (893,143) | 7,333,278 | 3,021,683 | 9,461,818 | - |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| <i>Medicaid Cluster</i> | | | | | | | | |
| Medical Assistance Program | 93.778 | WI DHS | 44200300 | - | 816,067 | 1,868 | 817,935 | - |
| TOTAL FEDERAL ASSISTANCE | | | | <u>\$ (1,051,600)</u> | <u>\$ 11,200,973</u> | <u>\$ 3,550,633</u> | <u>\$ 13,700,006</u> | <u>\$ -</u> |

Reconciliation to the basic financial statements:

| | |
|--------------------------------------|----------------------|
| Governmental Funds | 13,769,693 |
| Federal Sources | (69,687) |
| Nonreportable Grants - ROTC | (69,687) |
| Total expenditures of federal awards | <u>\$ 13,700,006</u> |

The accompanying notes are an integral part of this schedule.

SCHOOL DISTRICT OF BELOIT
Schedule of State Financial Assistance
For the Year Ended June 30, 2021

| Awarding Agency/ Awarding Description/ Pass-Through Agency | State I.D. Number | Pass-Through Agency | State Identifying Number | (Accrued) Deferred Revenue 7/1/20 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/21 | Total Expenditures | Subrecipient Payments |
|--|-------------------------|------------------------|--------------------------------|--|--------------------------------|---|-----------------------|--------------------------|
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | | |
| Special Education and School Age Parents | 255.101 | Direct Program | 530413-100 | \$ - | \$ 3,668,566 | \$ - | \$ 3,668,566 | \$ - |
| State School Lunch Aid | 255.102 | Direct Program | 530413-107 | - | 38,200 | - | 38,200 | - |
| Common School Fund Library Aid | 255.103 | Direct Program | 530413-104 | - | 307,683 | - | 307,683 | - |
| Bilingual Bicultural Aid Lea | 255.106 | Direct Program | 530413-111 | - | 228,921 | - | 228,921 | - |
| General Transportation Aid | 255.107 | Direct Program | 530413-102 | - | 37,956 | - | 37,956 | - |
| Equalization Aids | 255.201 | Direct Program | 530413-116 | (1,115,992) | 67,532,759 | 1,060,581 | 67,477,348 | - |
| High Cost Special Education Aid | 255.210 | Direct Program | 530413-119 | - | 265,007 | - | 265,007 | - |
| Aid for Mental Health Programs | 255.227 | Direct Program | 530413-176 | - | 114,347 | - | 114,347 | - |
| Supplemental Per Pupil Aid | 255.245 | Direct Program | 530413-181 | - | 20,476 | - | 20,476 | - |
| Special Education Transition Readiness Grants | 255.257 | Direct Program | 530413-174 | (32,752) | 32,752 | - | - | - |
| School Based Mental Health Services | 255.297 | Direct Program | 530413-177 | (9,975) | 68,771 | 39,687 | 98,483 | - |
| Peer Review and Mentoring Grants | 255.301 | Direct Program | 530413-141 | - | 17,250 | - | 17,250 | - |
| Alcohol and Other Drug Abuse | 255.306 | Direct Program | 530413-143 | (3,916) | 26,266 | 282 | 22,632 | - |
| Alcohol and Other Drug Abuse | 255.306 | CESA 4 | 530413-143 | - | 2,000 | - | 2,000 | - |
| State School Breakfast Aid SSBA | 255.344 | Direct Program | 530413-108 | - | 43,472 | - | 43,472 | - |
| Early College Credit Program | 255.445 | Direct Program | 530413-178 | - | 1,400 | - | 1,400 | - |
| Achievement Gap Reduction Grant | 255.504 | Direct Program | 530413-160 | - | 2,909,372 | - | 2,909,372 | - |
| Aid for High Poverty School District | 255.926 | Direct Program | 530413-121 | - | 477,636 | - | 477,636 | - |
| Educator Effective Evaluation System | 255.940 | Direct Program | 530413-154 | - | 41,920 | - | 41,920 | - |
| Per Pupil Aid | 255.945 | Direct Program | 530413-113 | - | 4,999,596 | - | 4,999,596 | - |
| Career and Technical Education Incentive Grants | 255.950 | Direct Program | 530413-171 | - | 86,146 | - | 86,146 | - |
| Assessments of Reading Readiness | 255.956 | Direct Program | 530413-166 | - | 10,772 | - | 10,772 | - |
| Aid for Special Ed Transition Grant BBL | 255.960 | Direct Program | 530413-168 | - | 16,000 | - | 16,000 | - |
| Total Wisconsin Department of Public Instruction | | | | <u>(1,162,635)</u> | <u>80,947,268</u> | <u>1,100,550</u> | <u>80,885,183</u> | <u>-</u> |
| WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT | | | | | | | | |
| Youth Apprentice Consortium Grant | 445.194 | Youth Consortium | N/A | - | 3,655 | - | 3,655 | - |
| WISCONSIN DEPARTMENT OF JUSTICE | | | | | | | | |
| School Safety Grant | 455.206 | Direct Program | 2019-SSI-01-13431 | - | 113,841 | - | 113,841 | - |
| TOTAL STATE PROGRAMS | | | | <u>\$ (1,162,635)</u> | <u>\$ 81,064,764</u> | <u>\$ 1,100,550</u> | <u>\$ 81,002,679</u> | <u>\$ -</u> |

Reconciliation to the basic financial statements:

Governmental Funds

State sources \$ 81,191,819

Intermediate sources 5,655

Less: State sources not considered state financial assistance

State tax exempt aid (194,795)

Total expenditures of state awards \$ 81,002,679

The accompanying notes are an integral part of this schedule.

SCHOOL DISTRICT OF BELOIT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2021

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

School District of Beloit has not elected to use the 10 percent *de minimis* indirect cost rate as allowable under the Uniform Guidance.

Note 3 – Special Education and School Age Parents Program

2020 - 2021 eligible costs under the State Special Education Program are \$13,070,863.

Note 4 – Oversight Agencies

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

SCHOOL DISTRICT OF BELOIT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

| | |
|---|------------|
| Type of auditors’ report issued | Unmodified |
| Internal control over financial reporting | |
| Material weakness identified? | No |
| Significant deficiency identified? | Yes |
| Noncompliance material to the financial statements? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs | |
| Material weakness identified? | No |
| Significant deficiency identified? | None Reported |
| Type of auditors’ report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

Identification of major federal programs:

| ALN | Name of Federal Program |
|---------|---|
| | <i>Child Nutrition Cluster</i> |
| 10.555 | National School Lunch Program |
| 10.559 | Summer Food Service Program for Children |
| | Education Stabilization Funds |
| 84.425C | Governor’s Emergency Education Relief Fund |
| 84.425D | Elementary and Secondary School Emergency Relief Fund |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B Programs | \$750,000 |
| Auditee qualified as a low-risk auditee? | Yes |

SCHOOL DISTRICT OF BELOIT
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2021

Section I – Summary of Auditors’ Results (Continued)

State Awards

| | |
|--|---------------|
| Internal control over major programs | |
| Material weakness identified? | No |
| Significant deficiency identified? | None Reported |
| Type of auditors’ report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines or the Wisconsin Department of Public Instruction Audit Manual? | No |

Identification of state programs with required procedures

| State I.D. Number | Name of State Program |
|-------------------|--|
| 255.101 | Handicapped Pupils and School Age Parents Pupil Transportation High Cost Special Education Aid |
| 255.107 | |
| 255.210 | |
| 255.201 | <i>General Equalization Aids Cluster</i> |
| 255.926 | General Equalization Aids Aid for High Poverty School Districts |

SCHOOL DISTRICT OF БЕЛОIT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Finding No.

2021-001 **Financial Reporting**

**Prior Year
Audit Finding:** 2020-001

Condition: During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Cause: Management does not have the training and expertise to prepare the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Effect: Although the auditors are preparing the financial statements and related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy. The outsourcing is a result of management's cost/benefit decision to use our accounting expertise rather than incurring this internal resource cost.

Recommendation: We recommend that management continues to make this decision on a cost/benefit basis.

**Management's
Response:** Due to limited staffing the District will continue to contract with an outside audit firm to complete the statements. Management reviews the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.

**Responsible
Official:** Wendy LaPointe, Director of Finance

**Anticipated
Completion Date:** This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

SCHOOL DISTRICT OF BELOIT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

Section III - Federal Award Findings

There were no findings for federal awards.

Section IV - State Award Findings

There were no findings for state awards.

SCHOOL DISTRICT OF BELOIT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

Financial Statement Finding

2020-001 – Financial Reporting – See corrective action plan for finding 2021-001.



Financial Statement Findings

2021-001 – Financial Reporting – The District is aware that its staff does not have a process to prepare financial statements and related notes in accordance with GAAP. The District will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the financial statements and related notes. Management does review the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.

Responsible Official – Wendy LaPointe – Director of Finance

Anticipated Completion Date – This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

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