

**SCHOOL DISTRICT OF BELOIT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**



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**SCHOOL DISTRICT OF БЕЛОIT
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INDEPENDENT AUDITORS' REPORT

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 the School District of Beloit, Beloit, Wisconsin (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Prior Year Summarized Financial Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of expenditures of state awards are presented for purposes of additional analysis, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, and are also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
January 29, 2021

SCHOOL DISTRICT OF БЕЛОIT
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2019)

	Governmental Activities	
	2020	2019
ASSETS		
Cash and Investments	\$ 28,446,107	\$ 25,400,903
Receivables:		
Taxes	3,400,582	3,555,690
Accounts	102,851	101,588
Due from Other Governments	2,248,354	3,415,403
Inventories and Prepaid Items	233,624	353,910
Net Pension Asset	8,541,980	-
Net OPEB Asset	2,551,982	2,420,755
Capital Assets:		
Nondepreciable	6,605,563	11,415,748
Depreciable, Net	121,705,460	117,905,912
Total Assets	173,836,503	164,569,909
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Advance Refunding	215,265	-
Pension Related Amounts	18,851,233	24,938,870
Other Postemployment Related Amounts	-	23,240
Total Deferred Outflows of Resources	19,066,498	24,962,110
LIABILITIES		
Accounts Payable	929,990	715,336
Accrued and Other Current Liabilities	6,440,366	6,234,441
Accrued Interest Payable	397,043	449,675
Due to Other Governments	485	150
Unearned Revenues	15,884	11,382
Deposits Payable	1,459,102	1,474,669
Health and Dental Claims Payable	1,605,859	1,590,917
Long-Term Obligations:		
Due in One Year	4,270,771	4,053,066
Due in More than One Year	45,805,317	57,649,010
Pension Liability	-	9,535,829
Total Liabilities	60,924,817	81,714,475
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	25,579,049	13,129,933
Other Postemployment Related Amounts	1,928,897	2,407,746
Total Deferred Inflows of Resources	27,507,946	15,537,679
NET POSITION		
Net Investment in Capital Assets	78,587,518	68,641,472
Restricted	13,478,605	8,539,235
Unrestricted	12,404,115	15,099,158
Total Net Position	\$ 104,470,238	\$ 92,279,865

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BELOIT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2020	2019
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular Instruction	\$ 28,926,891	\$ 1,343,417	\$ 4,329,994	\$ -	\$ (23,253,480)	\$ (25,313,123)
Vocational Instruction	1,827,505	10,071	178,147	-	(1,639,287)	(1,653,723)
Special Education Instruction	9,998,050	-	4,614,461	-	(5,383,589)	(5,619,129)
Other Instruction	5,857,171	399,325	410,010	-	(5,047,836)	(5,714,149)
Total Instruction	46,609,617	1,752,813	9,532,612	-	(35,324,192)	(38,300,124)
Support Services:						
Pupil Services	5,962,903	-	269,948	-	(5,692,955)	(6,156,571)
Instructional Staff Services	6,002,148	228	2,100,097	-	(3,901,823)	(4,107,153)
General Administration Services	1,605,701	-	-	-	(1,605,701)	(1,697,829)
School Administration Services	5,372,128	-	-	-	(5,372,128)	(4,437,690)
Business Services	1,167,544	-	-	-	(1,167,544)	(1,178,696)
Operations and Maintenance of Plant	12,361,611	15	14,035	-	(12,347,561)	(10,768,749)
Pupil Transportation Services	2,573,510	36,715	1,307,740	-	(1,229,055)	(1,414,614)
Food Services	3,737,263	28,480	4,228,285	-	519,502	354,750
Central Services	2,027,433	-	30,635	-	(1,996,798)	(2,123,538)
Insurance	540,610	-	-	-	(540,610)	(533,544)
Other Support Services	1,451,916	-	26,309	-	(1,425,607)	(1,033,092)
Total Support Services	42,802,767	65,438	7,977,049	-	(34,760,280)	(33,096,726)
Community Services	140,491	-	-	-	(140,491)	-
Nonprogram:						
General Tuition Payments	6,849,012	-	32,289	-	(6,816,723)	(5,873,333)
Special Education Tuition Payments	735,154	-	467,428	-	(267,726)	(145,148)
Voucher Payments	1,239,159	-	-	-	(1,239,159)	(879,873)
Adjustments and Refunds	-	-	-	-	-	(5,834)
Total Nonprogram	8,823,325	-	499,717	-	(8,323,608)	(6,904,188)
Interest and Fiscal Charges	1,924,608	-	70,888	-	(1,853,720)	(1,782,027)
Total Governmental Activities	<u>\$ 100,300,808</u>	<u>\$ 1,818,251</u>	<u>\$ 18,080,266</u>	<u>\$ -</u>	(80,402,291)	(80,083,065)
GENERAL REVENUES						
Property Taxes					16,533,493	17,125,036
Other Taxes					1,537,137	26,209
State and Federal Aids not Restricted to Specific Functions					73,746,931	69,295,871
Interest and Investment Earnings					169,369	458,765
Gain on Disposal of Capital Assets					17,575	6,467
Miscellaneous					588,159	314,536
Total General Revenues					<u>92,592,664</u>	<u>87,226,884</u>
CHANGE IN NET POSITION					12,190,373	7,143,819
Net Position - Beginning of Year					<u>92,279,865</u>	<u>85,136,046</u>
NET POSITION - END OF YEAR					<u>\$ 104,470,238</u>	<u>\$ 92,279,865</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BELOIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	General	Referendum Debt Service	Other Governmental Funds	Totals	
				2020	2019
ASSETS					
Cash and Investments	\$ 25,726,054	\$ 453,757	\$ 2,266,296	\$ 28,446,107	\$ 25,400,903
Receivables:					
Taxes	2,388,166	615,398	397,018	3,400,582	3,555,690
Accounts	71,890	-	30,961	102,851	101,588
Due from Other Funds	169,341	-	-	169,341	338
Due from Other Governments	2,089,897	-	158,457	2,248,354	3,415,403
Inventories and Prepaid Items	183,490	-	50,134	233,624	353,910
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 30,628,838</u>	<u>\$ 1,069,155</u>	<u>\$ 2,902,866</u>	<u>\$ 34,600,859</u>	<u>\$ 32,827,832</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 780,362	\$ -	\$ 149,628	\$ 929,990	\$ 715,336
Accrued and Other Current Liabilities	6,440,366	-	-	6,440,366	6,234,441
Due to Other Funds	-	-	169,341	169,341	338
Due to Other Governments	485	-	-	485	150
Unearned Revenues	725	-	15,159	15,884	11,382
Deposits Payable	1,459,102	-	-	1,459,102	1,474,669
Health and Dental Claims Payable	1,605,859	-	-	1,605,859	1,590,917
Total Liabilities	<u>10,286,899</u>	<u>-</u>	<u>334,128</u>	<u>10,621,027</u>	<u>10,027,233</u>
FUND BALANCES					
Nonspendable	183,490	-	50,134	233,624	353,910
Restricted	1,902,735	1,069,155	2,518,604	5,490,494	7,493,899
Unassigned	18,255,714	-	-	18,255,714	14,952,790
Total Fund Balances	<u>20,341,939</u>	<u>1,069,155</u>	<u>2,568,738</u>	<u>23,979,832</u>	<u>22,800,599</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 30,628,838</u>	<u>\$ 1,069,155</u>	<u>\$ 2,902,866</u>	<u>\$ 34,600,859</u>	<u>\$ 32,827,832</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BELOIT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
Total Fund Balance - Governmental Funds	\$ 23,979,832	\$ 22,800,599
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	128,311,023	129,321,660
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Loss on Advance Refunding	215,265	-
Deferred Outflows Related to Pensions	18,851,233	24,938,870
Deferred Inflows Related to Pensions	(25,579,049)	(13,129,933)
Deferred Outflows Related to Other Postemployment Benefits	-	23,240
Deferred Inflows Related to Other Postemployment Benefits	(1,928,897)	(2,407,746)
Long-term assets are not considered available; therefore, are not reported in the funds:		
Net Pension Asset	8,541,980	-
Net OPEB Asset	2,551,982	2,420,755
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and Notes Payable	(49,127,904)	(60,519,813)
Capital Leases Payable	(33,024)	(65,373)
Premium on Debt	(810,866)	(1,020,746)
Compensated Absences	(104,294)	(96,144)
Net Pension Liability	-	(9,535,829)
Accrued Interest on Long-Term Obligations	(397,043)	(449,675)
Net Position of Governmental Activities	<u>\$ 104,470,238</u>	<u>\$ 92,279,865</u>

See accompanying Notes to Basic Financial Statements.

SCHOOL DISTRICT OF BELOIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

	General	Referendum Debt Service	Other Governmental Funds	Totals	
				2020	2019
REVENUES					
Property Taxes	\$ 2,388,166	\$ 12,765,000	\$ 1,380,327	\$ 16,533,493	\$ 17,125,036
Other Local Sources	2,035,815	16,650	272,793	2,325,258	1,197,433
Interdistrict Sources	1,161,060	-	27,745	1,188,805	1,175,062
Intermediate Sources	-	-	2,700	2,700	5,910
State Sources	80,882,457	-	93,685	80,976,142	76,187,573
Federal Sources	6,676,870	-	4,134,600	10,811,470	12,328,582
Other Sources	560,238	61,327	4,612	626,177	383,633
Total Revenues	93,704,606	12,842,977	5,916,462	112,464,045	108,403,229
EXPENDITURES					
Instruction:					
Regular Instruction	28,687,218	-	9,472	28,696,690	31,676,481
Vocational Instruction	1,785,362	-	8,683	1,794,045	1,742,992
Special Education Instruction	10,023,201	-	-	10,023,201	9,764,374
Other Instruction	5,651,690	-	185,760	5,837,450	6,328,107
Total Instruction	46,147,471	-	203,915	46,351,386	49,511,954
Support Services:					
Pupil Services	5,963,773	-	-	5,963,773	6,483,135
Instructional Staff Services	5,989,758	-	-	5,989,758	5,194,422
General Administration Services	1,595,190	-	-	1,595,190	1,655,018
School Administration Services	5,410,210	-	-	5,410,210	4,347,905
Business Services	1,151,879	-	14,021	1,165,900	1,162,173
Operations and Maintenance of Plant	9,198,720	-	974,951	10,173,671	19,443,009
Pupil Transportation Services	2,592,881	-	24,255	2,617,136	2,626,315
Food Services	-	-	5,637,046	5,637,046	5,565,508
Central Services	1,039,575	-	-	1,039,575	1,201,474
Insurance	540,610	-	-	540,610	533,544
Other Support Services	2,034,685	-	-	2,034,685	1,640,412
Total Support Services	35,517,281	-	6,650,273	42,167,554	49,852,915
Debt Service:					
Principal	32,349	3,235,000	612,348	3,879,697	5,862,740
Payment to Escrow Agent	-	8,150,859	83,868	8,234,727	-
Interest and Fiscal Charges	1,367	1,427,088	321,706	1,750,161	2,034,082
Total Debt Service	33,716	12,812,947	1,017,922	13,864,585	7,896,822
Community Service	-	-	143,040	143,040	-

See accompanying Notes to Basic Financial Statements.

SCHOOL DISTRICT OF BELOIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

	General	Referendum Debt Service	Other Governmental Funds	Totals	
				2020	2019
EXPENDITURES (CONTINUED)					
Nonprogram:					
General Tuition Payments	\$ 6,849,012	\$ -	\$ -	\$ 6,849,012	\$ 5,906,264
Special Education Tuition Payments	735,154	-	-	735,154	658,417
Adjustments and Refunds	-	-	-	-	5,834
Voucher Payments	1,239,159	-	-	1,239,159	879,873
Total Nonprogram	<u>8,823,325</u>	<u>-</u>	<u>-</u>	<u>8,823,325</u>	<u>7,450,388</u>
Total Expenditures	<u>90,521,793</u>	<u>12,812,947</u>	<u>8,015,150</u>	<u>111,349,890</u>	<u>114,712,079</u>
EXCESS OF REVENUES UNDER EXPENDITURES	3,182,813	30,030	(2,098,688)	1,114,155	(6,308,850)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	4,245,000	4,245,000	-
Payment to Escrow Agent	-	-	(4,197,497)	(4,197,497)	-
Proceeds from Sale of Capital Assets	16,984	-	591	17,575	6,467
Transfers In	-	-	23,915	23,915	12,930
Transfers Out	(23,915)	-	-	(23,915)	(12,930)
Total Other Financing Sources (Uses)	<u>(6,931)</u>	<u>-</u>	<u>72,009</u>	<u>65,078</u>	<u>6,467</u>
NET CHANGE IN FUND BALANCES	3,175,882	30,030	(2,026,679)	1,179,233	(6,302,383)
Fund Balances - Beginning of Year	<u>17,166,057</u>	<u>1,039,125</u>	<u>4,595,417</u>	<u>22,800,599</u>	<u>29,102,982</u>
FUND BALANCES - END OF YEAR	<u>\$ 20,341,939</u>	<u>\$ 1,069,155</u>	<u>\$ 2,568,738</u>	<u>\$ 23,979,832</u>	<u>\$ 22,800,599</u>

See accompanying Notes to Basic Financial Statements.

SCHOOL DISTRICT OF BELOIT
RECONCILIATION OF THE STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
Net Change in Fund Balances - Total Governmental Funds	\$ 1,179,233	\$ (6,302,383)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Assets Reported as Capital Outlay in Governmental Fund Statements	4,278,737	13,826,102
Depreciation Expense Reported in the Statement of Activities	(5,171,039)	(4,705,151)
Net Book Value of Disposals	(118,335)	(176,098)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-Term Debt Issued	(4,245,000)	-
Principal Repaid	3,847,348	3,857,223
Capital Leases Paid	32,349	2,005,518
Accretion of Escrow for Debt Retirement	9,561	11,821
Principal Retired from Payment to Escrow Agent	11,780,000	-
Loss on Advance Refunding	241,365	-
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Accrued Interest on Long-Term Debt	52,632	102,586
Amortization of Premiums	209,880	76,549
Amortization of Loss on Advance Refunding	(26,100)	-
Compensated Absences	(8,150)	23,816
Net Pension Asset	8,541,980	(8,225,997)
Net Pension Liability	9,535,829	(9,535,829)
Deferred Outflows of Resources Related to Pensions	(6,087,637)	10,850,046
Deferred Inflows of Resources Related to Pensions	(12,449,116)	3,067,024
Other Postemployment Benefits	-	2,249,491
Net OPEB Asset	131,227	2,420,755
Deferred Outflows of Resources Related to Other Postemployment Benefits	(23,240)	6,092
Deferred Inflows of Resources Related to Other Postemployment Benefits	478,849	(2,407,746)
Change in Net Position of Governmental Activities	\$ 12,190,373	\$ 7,143,819

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BELOIT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Private	Employee	Agency	Totals	
	Purpose Trust	Benefit Trust	Pupil Activity	2020	2019
ASSETS					
Cash and Investments	\$ 938	\$ 4,256,870	\$ 83,586	\$ 4,341,394	\$ 5,205,644
Accounts Receivable	-	-	-	-	150
Prepaid Items	-	-	-	-	385
Total Assets	<u>938</u>	<u>4,256,870</u>	<u>83,586</u>	<u>4,341,394</u>	<u>5,206,179</u>
LIABILITIES					
Accounts Payable	-	-	1,686	1,686	2,495
Due to Student Organizations	-	-	81,900	81,900	82,650
Total Liabilities	<u>-</u>	<u>-</u>	<u>83,586</u>	<u>83,586</u>	<u>85,145</u>
NET POSITION					
Restricted	<u>\$ 938</u>	<u>\$ 4,256,870</u>	<u>\$ -</u>	<u>\$ 4,257,808</u>	<u>\$ 5,121,034</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BELOIT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)**

	Private Purpose Trust	Employee Benefit Trust	Totals	
			2020	2019
ADDITIONS				
Contributions:				
Employer	\$ -	\$ -	\$ -	\$ 1,820,651
Plan Members	-	22,412	22,412	33,803
Investment Earnings	13	203,293	203,306	155,209
Total Additions	13	225,705	225,718	2,009,663
DEDUCTIONS				
Trust Fund Disbursements	-	1,078,708	1,078,708	1,163,475
Administrative Expenditures	-	10,236	10,236	9,637
Total Deductions	-	1,088,944	1,088,944	1,173,112
CHANGE IN NET POSITION	13	(863,239)	(863,226)	836,551
Net Position - Beginning of Year	925	5,120,109	5,121,034	4,284,483
NET POSITION - END OF YEAR	<u>\$ 938</u>	<u>\$ 4,256,870</u>	<u>\$ 4,257,808</u>	<u>\$ 5,121,034</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is organized as a unified school district. The District, governed by an elected seven member board, operates grades K through 12 and is comprised of all or parts of three taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. District-Wide and Fund Financial Statements

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

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

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

The District reports the following major governmental funds:

General Fund

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

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Referendum Debt Service Fund

Accounts for the repayment of long-term debt issues approved by referendum.

Additionally, the District reports the following fund types:

- The *private purpose trust fund* is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.
- The *employee benefit trust fund* is used to account for resources legally held in trust for other postemployment benefits.

The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash and Investments

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

2. Property Taxes

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

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

SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Accounts Receivable

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

4. Interfund Receivables and Payables

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

5. Inventories

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

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

6. Prepaid Items

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

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

7. Capital Assets

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

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Capital Assets (Continued)

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

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

Buildings and Improvements	20 – 65 Years
Furniture and Equipment	5 – 30 Years

8. Compensated Absences

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

9. Deferred Outflows/Inflows of Resources

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

10. Long-Term Obligations

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

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

SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Pensions

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

12. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability (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.

13. Fund Equity

Governmental Fund Financial Statements

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

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

Restricted Fund Balance – Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

Assigned Fund Balance – Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

Unassigned Fund Balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

District-Wide Financial Statements

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

Net Investment in Capital Assets – Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

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

SCHOOL DISTRICT OF БЕЛОIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prior Year Information

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

G. Reclassifications

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

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the District's cash and investments totaled \$32,787,501 on June 30, 2020 as summarized below:

Deposits with Financial Institutions	\$ 31,275,385
Investments:	
Money Market Mutual Funds	47,998
Equities Exchange Traded Funds	738,212
Fixed Income Exchange Traded Funds	725,906
Total	<u>\$ 32,787,501</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 28,446,107
Fiduciary Fund Statement of Net Position:	
Private Purpose Trust	938
Employee Benefit Trust	4,256,870
Agency Fund	83,586
Total	<u>\$ 32,787,501</u>

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, 2020:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
Money Market Mutual Funds	\$ 47,998	\$ -	\$ -
Exchange Traded Funds - Equity	738,212	-	-
Exchange Traded Funds - Fixed Income	725,906	-	-
Total	<u>\$ 1,512,116</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHOOL DISTRICT OF БЕЛОIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

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

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

As of June 30, 2020, none of the District's deposits with financial institutions were in excess of federal and state depository insurance limits or uncollateralized.

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	Exempt from <u>Disclosure</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Money Market Mutual Funds	\$ 47,998	\$ -	\$ 47,998	\$ -	\$ -
Exchange Traded Funds - Fixed Income	725,906	-	-	-	725,906
Total	<u>\$ 773,904</u>	<u>\$ -</u>	<u>\$ 47,998</u>	<u>\$ -</u>	<u>\$ 725,906</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

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:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Money Market Mutual Funds	\$ 47,998	\$ 47,998	\$ -	\$ -	\$ -
Exchange Traded Funds - Fixed Income	725,906	725,906	-	-	-
Total	<u>\$ 773,904</u>	<u>\$ 773,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 6,449,403	\$ 156,160	\$ -	\$ 6,605,563
Construction in Progress	<u>4,966,345</u>	<u>2,183,688</u>	<u>7,150,033</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	11,415,748	2,339,848	7,150,033	6,605,563
Capital Assets, Being Depreciated:				
Buildings and Improvements	143,319,814	7,694,900	-	151,014,714
Furniture and Equipment	26,526,793	1,394,022	262,128	27,658,687
Total Capital Assets, Being Depreciated	169,846,607	9,088,922	262,128	178,673,401
Less Accumulated Depreciation for:				
Buildings and Improvements	39,530,010	3,512,712	-	43,042,722
Machinery and Equipment	<u>12,410,685</u>	<u>1,658,327</u>	<u>143,793</u>	<u>13,925,219</u>
Total Accumulated Depreciation	<u>51,940,695</u>	<u>5,171,039</u>	<u>143,793</u>	<u>56,967,941</u>
 Total Capital Assets, Being Depreciated, Net	 <u>117,905,912</u>	 <u>3,917,883</u>	 <u>118,335</u>	 <u>121,705,460</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 129,321,660</u>	 <u>\$ 6,257,731</u>	 <u>\$ 7,268,368</u>	 128,311,023
 Less: Capital Related Debt				49,127,904
Less: Debt Premium				810,866
Add: Deferred Charge on Refunding				<u>215,265</u>
 Net Investment in Capital Assets				 <u>\$ 78,587,518</u>

Depreciation expense was charged to functions of the District as follows:

Governmental Activities:	
Instruction	\$ 236,810
Support Services	<u>4,934,229</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,171,039</u>

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables as of June 30, 2020 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary Cash Advances to Finance		
Operating Cash Deficits:		
Governmental Funds:		
General	\$ 169,341	\$ -
Nonmajor Governmental Funds:		
Community Service	-	143,040
Co-operative Program	-	26,301
	<u> </u>	<u> </u>
Total	<u>\$ 169,341</u>	<u>\$ 169,341</u>

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 23,915
Nonmajor Governmental Fund:		
Co-operative Program	23,915	-
	<u> </u>	<u> </u>
Total	<u>\$ 23,915</u>	<u>\$ 23,915</u>

Interfund transfers were made for the following purposes:

Finance Program Expenditures	<u>\$ 23,915</u>
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**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Debt:					
Bonds	\$ 57,510,000	\$ 4,245,000	\$ 15,475,000	\$ 46,280,000	\$ 3,900,000
Qualified Zone Academy					
Bonds	714,000	-	119,000	595,000	119,000
Qualified Zone Academy					
Lease	80,813	-	42,909	37,904	37,904
Qualified Energy					
Conservation Bonds	2,215,000	-	-	2,215,000	-
Total General Obligation					
Debt	60,519,813	4,245,000	15,636,909	49,127,904	4,056,904
Debt Premium	1,020,746	-	209,880	810,866	76,549
Capital Leases	65,373	-	32,349	33,024	33,024
Compensated Absences	96,144	104,294	96,144	104,294	104,294
Governmental Activities					
Long-Term Obligations	<u>\$ 61,702,076</u>	<u>\$ 4,349,294</u>	<u>\$ 15,975,282</u>	<u>\$ 50,076,088</u>	<u>\$ 4,270,771</u>

Total interest paid during the year on long-term debt totaled \$1,689,258.

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

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance June 30, 2020</u>
General Obligation Bonds					
Refunding Bonds	03/08/10	10/01/28	2.65 - 5.90%	\$ 6,270,000	\$ 375,000
Refunding Bonds	09/17/12	04/01/29	2.00 - 3.00%	10,000,000	6,090,000
School Improvement Bonds	01/07/13	04/01/32	2.00 - 3.00%	57,785,000	30,345,000
School Improvement Bonds	10/18/17	10/11/37	3.00 - 4.00%	5,500,000	5,225,000
Refunding Bonds	07/16/09	10/01/28	2.71 - 3.09%	4,245,000	4,245,000
Qualified Zone Academy Bonds	12/28/09	09/15/04	0.00%	1,785,000	595,000
Qualified Zone Academy Lease	12/28/05	12/28/20	0.00%	574,000	37,904
Qualified Energy Conservation					
Bonds	09/16/12	04/01/32	4.75%	2,215,000	2,215,000
Total Outstanding General					
Obligation Debt					<u>\$ 49,127,904</u>

Debt Defeasance

The District used available financial resources of \$8,150,859 to retire \$7,740,000 of the January 7, 2013 General Obligation School Improvement Bonds, resulting in a savings of \$2,217,102. The refunded bonds will be called on April 1, 2023.

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Advance Refundings

The District issued \$4,245,000 General Obligation Refunding Bonds to retire the 2021 to 2028 maturities of the March 8, 2010 General Obligation Refunding Bonds totaling \$4,040,000. The refunding reduced total debt service payments by \$150,072. The refunded bonds will be called on October 1, 2020.

Annual principal and interest maturities of the outstanding general obligation debt of \$49,127,904 on June 30, 2020 are detailed below:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>			<u>Total</u>	
	<u>Principal</u>	<u>Escrow</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 4,052,347	\$ 4,557	\$ 1,488,167	\$ 4,056,904	\$ 1,488,167
2022	4,154,000	-	1,251,768	4,154,000	1,251,768
2023	4,259,000	-	1,131,689	4,259,000	1,131,689
2024	4,369,000	-	1,013,316	4,369,000	1,013,316
2025	4,584,000	-	922,384	4,584,000	922,384
2026 - 2030	23,020,000	-	2,855,743	23,020,000	2,855,743
2031 - 2035	3,700,000	-	568,450	3,700,000	568,450
2036 - 2037	985,000	-	46,285	985,000	46,285
Total	<u>\$ 49,123,347</u>	<u>\$ 4,557</u>	<u>\$ 9,277,802</u>	<u>\$ 49,127,904</u>	<u>\$ 9,277,802</u>

Qualified Zone Academy Bond and Lease

The District has a \$574,000 Qualified Zone Academy Lease which requires annual payments of \$33,348 through December 28, 2020 to be deposited with an escrow agent. The District records the payment as a principal retirement in its financial statements, since the escrow account is irrevocable, and removes the liability from the District's financial statements. Total payments of \$500,214, plus interest earned on the escrow will be sufficient to retire the bond on December 28, 2020. At June 30, 2020, the escrow account has a balance of \$535,656.

The District records the earnings on the escrow accounts over the life of the bond and lease as interest income and debt retirement.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2020 was \$125,851,067 as follows:

Equalized Valuation of the District	\$ 1,749,789,714
Statutory Limitation Percentage	(x) 10%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	<u>174,978,971</u>
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>49,127,904</u>
Legal Margin for New Debt	<u>\$ 125,851,067</u>

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Capital Lease

The District is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at June 30, 2020:

<u>Year Ending June 30,</u>	<u>Governmental</u>
<u>2021</u>	<u>Activities</u>
Less: Amount Representing Interest	\$ 33,715
Present Value of Future Minimum	<u>691</u>
Lease Payments	<u>\$ 33,024</u>

E. Pension Plan

WRS Pension Plan Description

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

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

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

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

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

WRS Pension Plan Description (Continued)

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.

Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22%
2011	(1.2)	11
2012	(7.3)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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 July 1, 2019 through June 30, 2020, the WRS recognized \$2,905,808 in contributions from the District.

Contribution rates as of June 30, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives and Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2020, the District reported an asset of \$8,541,980 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.26491225%, which was a decrease of 0.00312232% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$3,362,330.

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 16,214,629	\$ 8,114,337
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	17,462,844
Changes in Assumptions	665,646	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	144,387	1,868
Employer Contributions Subsequent to the Measurement Date	1,826,571	-
Total	\$ 18,851,233	\$ 25,579,049

The District reported \$1,826,571 as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. 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>Expense</u>
2021	\$ (2,498,709)
2022	(1,893,807)
2023	330,086
2024	(4,491,957)
Total	\$ (8,554,387)

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2018
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. 2.1% 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 2019 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount Rate. A single discount rate of 7.0% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.0% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,997,158	\$ (8,541,980)	\$ (31,373,474)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$367,926 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2020.

F. Other Postemployment 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

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

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, 2019:

Administrators	4
All Others	82
Total	<u>86</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, 2019 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, 2019 rolled back to June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Level Percent of Pay
Discount Rate	3.5%
Salary Increases	2.0%
Investment Rate of Return	3.5%
Healthcare Cost Trend Rates	2020 and 2021 - 6.0% 2022 and 2023 - 5.5% 2024 - 5.0%
Dental Cost Trend Rates	Level at 3.0%

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, 2019 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 3.5%, which is consistent with the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date.

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Contributions (Continued)

Actuarial Assumptions (Continued)

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.

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance - July 1, 2019	\$ 2,699,354	\$ 5,120,109	\$ (2,420,755)
Changes for the Year:			
Service Cost	-	-	-
Interest	94,478	-	94,478
Contributions - Plan Members	-	22,412	(22,412)
Net Investment Income	-	203,293	(203,293)
Benefit Payments	(1,078,708)	(1,078,708)	-
Administrative Expenses	(10,236)	(10,236)	-
Net Changes	<u>(994,466)</u>	<u>(863,239)</u>	<u>(131,227)</u>
Balance - June 30, 2020	<u>\$ 1,704,888</u>	<u>\$ 4,256,870</u>	<u>\$ (2,551,982)</u>

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:

	1% Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	1% Increase to Discount Rate (4.5%)
Net OPEB Asset	<u>\$ (2,505,986)</u>	<u>\$ (2,551,982)</u>	<u>\$ (2,596,552)</u>

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability (Asset) (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 (5.5% decreasing to 4.5%) or 1-percentage-point higher (7.5% decreasing to 6.5%) than the current healthcare cost trend rates:

	1% Decrease (5.5% Decreasing to 4.5%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.5%)	1% Increase (7.5% Decreasing to 6.5%)
Net OPEB Asset	<u>\$ (2,597,385)</u>	<u>\$ (2,551,982)</u>	<u>\$ (2,506,048)</u>

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 189.7% of the total OPEB liability.

Investments. The Plan does not have a separate investment policy from the District. At June 30, 2020, the Plan had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments. The Plan's investments at June 30, 2020 are entirely in cash and in short-term investments in 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, 2020, the annual money-weighted rate of return, net of investment expenses, was 4.34%, and this is assumed to be the best estimate of the long-term arithmetic rate of return for the Plan's investments.

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of (\$586,837). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,786,131
Changes in Assumptions	-	140,066
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	2,700
Total	\$ -	\$ 1,928,897

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,	Expense
2021	\$ (479,699)
2022	(479,701)
2023	(483,130)
2024	(486,367)
Total	\$ (1,928,897)

Payable to the OPEB Plan

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

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity

Nonspendable Fund Balance

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

	General	Nonmajor
Nonspendable:		
Inventories and Prepaid Items	\$ 183,490	\$ 50,134

Restricted Fund Balance

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

General Fund:	
Restricted for Self Insurance	\$ 1,902,735
Total General Fund Restricted Fund Balance	1,902,735
Special Revenue Funds:	
Restricted for:	
Donor Restricted	295,851
Nutrition Service	1,331,006
Community Programs	206,960
Debt Service Funds:	
Restricted for Debt Service:	
Nonreferendum Debt Service	684,687
Referendum Debt Service	1,069,155
Capital Projects Funds:	
Restricted for:	
Long-Term Capital Improvement Trust	100
Total Restricted Fund Balance	\$ 5,490,494

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Minimum General Fund Balance Policy

The District has also adopted a targeted unassigned general fund balance policy of 18% of current year actual expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2018-2019 General Fund Expenditures	\$ 90,521,793
Minimum Fund Balance Percent	(x) 18%
Minimum Fund Balance Amount	<u>\$ 16,293,923</u>

The District's unassigned General Fund balance of \$18,255,714 is above the targeted fund balance amount.

Restricted Fiduciary Fund Net Position

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

Fiduciary Funds:	
Restricted for:	
Scholarships	\$ 938
Postemployment Benefits	4,256,870
Total Restricted Fiduciary Fund Net Position	<u>\$ 4,257,808</u>

Net Position

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

Governmental Activities:	
Restricted for:	
Self Insurance	\$ 1,902,735
Donor Restricted	295,851
Nutrition Service	1,381,140
Debt Service	1,356,799
Long-Term Capital Improvement Trust	100
Net Pension Asset	<u>8,541,980</u>
Total Governmental Activities Restricted	
Net Position	<u>\$ 13,478,605</u>

**SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 OTHER INFORMATION

A. Risk Management

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

In addition to the above, the District has established separate internal service funds for the following risk management programs:

Self-Funded Insurance Program

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

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

As part of the health care coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$250,000 per individual and/or 125% of the annual estimated claims as provided by the Prairie States and Restat. The District has no stop-loss coverage for dental care coverage of the plan.

At June 30, 2020, the District has reported a liability of \$1,605,859 which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2019 and June 30, 2020 are as follows:

	<u>2020</u>	<u>2019</u>
Liability - July 1	\$ 1,590,917	\$ 1,299,534
Current Year Claims and Changes in Estimates	13,081,791	12,931,945
Less: Claims Payments	<u>13,066,849</u>	<u>12,640,562</u>
Liability - June 30	<u>\$ 1,605,859</u>	<u>\$ 1,590,917</u>

The amount of settlements has not exceeded insurance coverage in any of the past three years for the District's risk management programs.

SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Contingencies

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

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

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the District, COVID-19 may impact various parts of its 2020 operation and financial results including, but not limited to, cost for emergency preparedness and shortages of personnel. Management we believe the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonable estimated at these events occurred subsequent to year-end and are still developing.

C. Limitation On School District Revenues

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

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

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

D. Subsequent Event

On September 1, 2020, the District issued \$4,171,000 Taxable General Obligation Refunding Bonds to advance refund principal maturities of the \$4,245,000 Taxable General Obligation Refunding Bonds dated July 16, 2019. The 2020 Bonds will be due in principal installments of \$191,000 to \$610,000 from 2021 through 2028 and bear interest at rates ranging from 0.90% to 1.65%.

SCHOOL DISTRICT OF BELOIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 OTHER INFORMATION (CONTINUED)

E. Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 2,388,167	\$ 2,388,166	\$ 2,388,166	\$ -
Other Local Sources	1,926,592	1,926,592	2,035,815	109,223
Interdistrict Sources	1,168,907	1,168,907	1,160,464	(8,443)
State Sources	77,541,971	77,537,157	77,490,122	(47,035)
Federal Sources	3,075,665	5,278,267	4,358,541	(919,726)
Other Sources	283,000	283,000	559,649	276,649
Total Revenues	<u>86,384,302</u>	<u>88,582,089</u>	<u>87,992,757</u>	<u>(589,332)</u>
EXPENDITURES				
Instruction:				
Regular Instruction	30,770,825	31,662,937	28,687,218	2,975,719
Vocational Instruction	1,724,447	1,871,763	1,785,362	86,401
Other Instruction	5,951,764	6,005,060	5,605,570	399,490
Total Instruction	<u>38,447,036</u>	<u>39,539,760</u>	<u>36,078,150</u>	<u>3,461,610</u>
Support Services:				
Pupil Services	3,735,569	3,902,508	3,649,088	253,420
Instructional Staff Services	5,802,783	6,604,809	5,295,019	1,309,790
General Administration Services	1,248,483	1,248,483	1,595,190	(346,707)
School Administration Services	5,601,398	5,594,573	5,410,210	184,363
Business Services	1,084,756	1,084,756	1,151,879	(67,123)
Operations and Maintenance of Plant	9,647,334	9,488,738	9,197,660	291,078
Pupil Transportation Services	1,271,192	1,324,531	1,326,451	(1,920)
Central Services	1,104,345	1,187,773	1,034,367	153,406
Insurance	476,161	476,161	540,610	(64,449)
Other Support Services	1,645,563	1,712,602	2,034,685	(322,083)
Total Support Services	<u>31,617,584</u>	<u>32,624,934</u>	<u>31,235,159</u>	<u>1,389,775</u>
Debt Service:				
Principal	32,350	32,350	32,349	1
Interest and Fiscal Charges	1,367	1,367	1,367	-
Total Debt Service	<u>33,717</u>	<u>33,717</u>	<u>33,716</u>	<u>1</u>
Nonprogram:				
General Tuition Payments	5,966,908	6,051,842	6,849,012	(797,170)
Voucher Payments	900,106	900,106	1,239,159	(339,053)
Total Nonprogram	<u>6,867,014</u>	<u>6,951,948</u>	<u>8,088,171</u>	<u>(1,136,223)</u>
Total Expenditures	<u>76,965,351</u>	<u>79,150,359</u>	<u>75,435,196</u>	<u>3,715,163</u>

See accompanying Notes Required Supplementary Information.

SCHOOL DISTRICT OF BELOIT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
EXCESS OF REVENUES OVER EXPENDITURES	\$ 9,418,951	\$ 9,431,730	\$ 12,557,561	\$ 3,125,831
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	16,984	16,984
Transfers Out	(9,418,951)	(9,431,730)	(9,398,663)	33,067
Total Other Financing Sources (Uses)	<u>(9,418,951)</u>	<u>(9,431,730)</u>	<u>(9,381,679)</u>	<u>50,051</u>
NET CHANGE IN FUND BALANCE	-	-	3,175,882	3,175,882
Fund Balance - Beginning of Year	<u>17,166,057</u>	<u>17,166,057</u>	<u>17,166,057</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 17,166,057</u></u>	<u><u>\$ 17,166,057</u></u>	<u><u>\$ 20,341,939</u></u>	<u><u>\$ 3,175,882</u></u>

See accompanying Notes Required Supplementary Information.

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND –
BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interdistrict Sources	\$ -	\$ -	\$ 596	\$ 596
State Sources	3,680,000	3,715,100	3,392,335	(322,765)
Federal Sources	1,514,328	2,286,974	2,318,329	31,355
Other Sources	-	-	589	589
Total Revenues	<u>5,194,328</u>	<u>6,002,074</u>	<u>5,711,849</u>	<u>(290,225)</u>
EXPENDITURES				
Instruction:				
Special Education Instruction	10,372,353	10,447,405	10,023,201	424,204
Other Instruction	46,368	46,368	46,120	248
Total Instruction	<u>10,418,721</u>	<u>10,493,773</u>	<u>10,069,321</u>	<u>424,452</u>
Support Services:				
Pupil Services	2,407,013	2,438,916	2,314,685	124,231
Instructional Staff Services	708,398	740,010	694,739	45,271
Operations and Maintenance of Plant	-	1,015	1,060	(45)
Pupil Transportation Services	1,079,147	1,266,500	1,266,430	70
Central Services	-	5,159	5,208	(49)
Total Support Services	<u>4,194,558</u>	<u>4,451,600</u>	<u>4,282,122</u>	<u>169,478</u>
Nonprogram:				
Special Education Tuition Payments	-	475,652	735,154	(259,502)
Total Expenditures	<u>14,613,279</u>	<u>15,421,025</u>	<u>15,086,597</u>	<u>334,428</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(9,418,951)	(9,418,951)	(9,374,748)	44,203
OTHER FINANCING SOURCES				
Transfers In	9,418,951	9,418,951	9,374,748	(44,203)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes Required Supplementary Information.

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS***

	2020	2019	2018	2017
Total OPEB Liability:				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	94,478	228,659	299,392	365,438
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	(2,679,197)	-	-
Changes of Assumptions	-	(210,098)	-	-
Benefit Payments	(1,078,708)	(1,162,876)	(1,241,717)	(2,007,962)
Administrative Expenses	(10,236)	(10,236)	(9,375)	(8,612)
Net Change in Total OPEB Liability	(994,466)	(3,833,748)	(951,700)	(1,651,136)
Total OPEB Liability - Beginning	2,699,354	6,533,102	7,484,802	9,135,938
	<u>\$ 1,704,888</u>	<u>\$ 2,699,354</u>	<u>\$ 6,533,102</u>	<u>\$ 7,484,802</u>
Total OPEB Liability - Ending (a)				
Plan Fiduciary Net Position:				
Contributions - Employer	\$ -	\$ 1,820,651	\$ 1,973,944	\$ 2,272,081
Contributions - Plan Member	22,412	33,803	44,291	47,563
Net Investment Income	203,293	155,156	118,760	115,790
Benefit Payments	(1,078,708)	(1,162,876)	(1,241,717)	(2,007,962)
Administrative Expenses	(10,236)	(10,236)	(9,375)	(8,612)
Net Change in Plan Fiduciary Net Position	(863,239)	836,498	885,903	418,860
Plan Fiduciary Net Position - Beginning	5,120,109	4,283,611	3,397,708	2,978,848
	<u>\$ 4,256,870</u>	<u>\$ 5,120,109</u>	<u>\$ 4,283,611</u>	<u>\$ 3,397,708</u>
Plan Fiduciary Net Position - Ending (b)				
District's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (2,551,982)</u>	<u>\$ (2,420,755)</u>	<u>\$ 2,249,491</u>	<u>\$ 4,087,094</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	249.7%	189.7%	65.6%	45.4%
Covered-Employee Payroll	\$ 41,401,714	\$ 40,589,916	\$ 39,196,906	\$ 37,546,638
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	-6.2%	-6.0%	5.7%	10.9%
Annual Money-Weighted Rate of Return Net of Investment Expense	4.34%	3.30%	3.09%	3.63%

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

See accompanying Notes Required Supplementary Information.

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST 10 FISCAL YEARS***

	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ (454,299)	\$ 367,892	\$ 680,949	\$ 680,949
Contributions in Relation to the ADC	-	1,854,454	1,973,944	1,973,944
Contribution Deficiency (Excess)	<u>\$ (454,299)</u>	<u>\$ (1,486,562)</u>	<u>\$ (1,292,995)</u>	<u>\$ (1,292,995)</u>
 Covered-Employee Payroll	 \$ 41,401,714	 \$ 40,589,916	 \$ 39,196,906	 \$ 37,546,638
 Contributions as a Percentage of Covered- Employee Payroll	 0.0%	 4.6%	 5.0%	 5.3%

Key Methods and Assumption Used to Calculate ADC

Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value
Amortization Method	5 year Level Dollar	6 year Level Dollar
Discount Rate	3.5%	3.5%
Asset Earnings Rate	3.5%	3.5%

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

See accompanying Notes Required Supplementary Information.

**SCHOOL DISTRICT OF БЕЛОIT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.30396000 %	\$ (7,465,264)	\$ 40,219,358	18.56 %	102.74 %
12/31/15	0.29772012	4,837,864	42,044,113	11.51	98.20
12/31/16	0.28572704	2,355,073	39,495,041	5.96	99.12
12/31/17	0.27705182	(8,255,997)	39,161,065	21.08	102.93
12/31/18	0.26803457	9,535,829	41,042,506	23.23	96.45
12/31/19	0.26491225	(8,541,980)	42,244,612	20.22	102.96

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 3,047,621	\$ 3,047,621	\$ -	\$ 44,129,556	6.91 %
6/30/16	2,678,140	2,678,140	-	39,931,813	6.71
6/30/17	2,683,717	2,683,717	-	40,080,645	6.70
6/30/18	2,711,835	2,711,835	-	40,177,181	6.75
6/30/19	2,754,824	2,754,824	-	41,581,316	6.63
6/30/20	2,905,808	2,905,808	-	43,537,212	6.67

See accompanying Notes Required Supplementary Information.

SCHOOL DISTRICT OF BELOIT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

There were no changes of benefit terms. Total OPEB liability decreased due to the following:

- Changes in demographic reduced the liability by \$2,679,197.
- Changes in claims costs and trends and a reduction in the discount rate from 4.0% to 3.5% reduced the total OPEB liability by \$210,098.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 2 WISCONSIN RETIREMENT SYSTEM

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

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

SCHOOL DISTRICT OF BELOIT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

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

**SCHOOL DISTRICT OF BELOIT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP General Fund basis is summarized below:

	<u>General</u>	<u>Special Education</u>
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 87,992,757	\$ 5,711,849
Reclassification of Special Education	5,711,849	(5,711,849)
Total Revenues	<u>93,704,606</u>	<u>-</u>
Expenditures:		
Actual Amounts (Budgetary Basis)	75,435,196	15,086,597
Reclassification of Special Education	15,086,597	(15,086,597)
Total Expenditures	<u>90,521,793</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	12,557,561	(9,374,748)
Reclassification of Special Education	(9,374,748)	9,374,748
Excess of Revenues Over (Under) Expenditures	3,182,813	-
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(9,381,679)	9,374,748
Reclassification of Special Education	9,374,748	(9,374,748)
Total Other Financing Sources (Uses)	<u>(6,931)</u>	<u>-</u>
Net Change in Fund Balance:		
Actual Amounts (Budgetary Basis)	3,175,882	-
Fund Balance - July 1:		
Actual Amounts (Budgetary Basis)	<u>17,166,057</u>	<u>-</u>
Fund Balance - June 30:		
Actual Amounts (Budgetary Basis)	<u>\$ 20,341,939</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF BELOIT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures Over Budget Appropriations

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

<u>Funds</u>	<u>Excess Expenditures</u>
General Fund:	
Support Services:	
General Administration Services	\$ 346,707
Business Services	67,123
Pupil Transportation Services	1,920
Insurance	64,449
Other Support Services	322,083
Nonprogram:	
General Tuition Payments	797,170
Voucher Payments	1,136,223
Special Education Fund:	
Support Services:	
Operations and Maintenance of Plant	45
Pupil Transportation Services	49
Nonprogram:	
Special Education Tuition Payments	259,502

**SCHOOL DISTRICT OF БЕЛОIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue				Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Donations	Food Service	Community Service	Co-operative Program	Nonreferendum Debt Service	Long Term Capital Improvement Trust	Capital Projects	
ASSETS								
Cash and Investments	\$ 295,031	\$ 1,333,496	\$ -	\$ -	\$ 637,669	\$ 100	\$ -	\$ 2,266,296
Receivables:								
Taxes	-	-	350,000	-	47,018	-	-	397,018
Accounts	1,500	3,160	-	26,301	-	-	-	30,961
Due from Other Governments	-	158,457	-	-	-	-	-	158,457
Inventories and Prepaid Items	-	50,134	-	-	-	-	-	50,134
Total Assets	\$ 296,531	\$ 1,545,247	\$ 350,000	\$ 26,301	\$ 684,687	\$ 100	\$ -	\$ 2,902,866
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 680	\$ 148,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,628
Due to Other Funds	-	-	143,040	26,301	-	-	-	169,341
Unearned Revenues	-	15,159	-	-	-	-	-	15,159
Total Liabilities	680	164,107	143,040	26,301	-	-	-	334,128
FUND BALANCES								
Nonspendable	-	50,134	-	-	-	-	-	50,134
Restricted	295,851	1,331,006	206,960	-	684,687	100	-	2,518,604
Total Fund Balances	295,851	1,381,140	206,960	-	684,687	100	-	2,568,738
Total Liabilities and Fund Balances	\$ 296,531	\$ 1,545,247	\$ 350,000	\$ 26,301	\$ 684,687	\$ 100	\$ -	\$ 2,902,866

SCHOOL DISTRICT OF BELOIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue				Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Donations	Food Service	Community Service	Co-operative Program	Non- Referendum Debt Service	Long-Term Capital Improvement Trust	Capital Projects	
REVENUES								
Property Taxes	\$ -	\$ -	\$ 350,000	\$ -	\$ 1,030,327	\$ -	\$ -	\$ 1,380,327
Other Local Sources	214,867	49,589	-	5,604	672	-	2,061	272,793
Interdistrict Sources	-	-	-	27,745	-	-	-	27,745
Intermediate Sources	-	-	-	2,700	-	-	-	2,700
State Sources	-	93,685	-	-	-	-	-	93,685
Federal Sources	-	4,134,600	-	-	-	-	-	4,134,600
Other Sources	-	4,612	-	-	-	-	-	4,612
Total Revenues	214,867	4,282,486	350,000	36,049	1,030,999	-	2,061	5,916,462
EXPENDITURES								
Instruction:								
Regular Instruction	9,472	-	-	-	-	-	-	9,472
Vocational Instruction	474	-	-	8,209	-	-	-	8,683
Other Instruction	144,716	-	-	41,044	-	-	-	185,760
Total Instruction	154,662	-	-	49,253	-	-	-	203,915
Support Services:								
Business Services	-	14,021	-	-	-	-	-	14,021
Operations and Maintenance of Plant	1,140	46,909	-	-	-	-	926,902	974,951
Pupil Transportation Services	13,544	-	-	10,711	-	-	-	24,255
Food Services	-	5,637,046	-	-	-	-	-	5,637,046
Total Support Services	14,684	5,697,976	-	10,711	-	-	926,902	6,650,273
Debt Service:								
Principal	-	-	-	-	612,348	-	-	612,348
Payment to Escrow Agent	-	-	-	-	83,868	-	-	83,868
Interest and Fiscal Charges	-	-	-	-	320,803	-	903	321,706
Total Debt Service	-	-	-	-	1,017,019	-	903	1,017,922
Community Service	-	-	143,040	-	-	-	-	143,040
Total Expenditures	169,346	5,697,976	143,040	59,964	1,017,019	-	927,805	8,015,150

SCHOOL DISTRICT OF БЕЛОIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

	Special Revenue				Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Donations	Food Service	Community Service	Co-operative Program	Non- Referendum Debt Service	Long-Term Capital Improvement Trust	Capital Projects	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 45,521</u>	<u>\$ (1,415,490)</u>	<u>\$ 206,960</u>	<u>\$ (23,915)</u>	<u>\$ 13,980</u>	<u>\$ -</u>	<u>\$ (925,744)</u>	<u>\$ (2,098,688)</u>
OTHER FINANCING SOURCES (USES)								
Long-Term Debt Issued	-	-	-	-	4,245,000	-	-	4,245,000
Payment to Escrow Agent	-	-	-	-	(4,197,497)	-	-	(4,197,497)
Proceeds from Sale of Capital Assets	-	591	-	-	-	-	-	591
Transfers In	-	-	-	23,915	-	-	-	23,915
Total Other Financing Sources (Uses)	<u>-</u>	<u>591</u>	<u>-</u>	<u>23,915</u>	<u>47,503</u>	<u>-</u>	<u>-</u>	<u>72,009</u>
NET CHANGE IN FUND BALANCES	45,521	(1,414,899)	206,960	-	61,483	-	(925,744)	(2,026,679)
Fund Balances - Beginning of Year	<u>250,330</u>	<u>2,796,039</u>	<u>-</u>	<u>-</u>	<u>623,204</u>	<u>100</u>	<u>925,744</u>	<u>4,595,417</u>
FUND BALANCES - END OF YEAR	<u>\$ 295,851</u>	<u>\$ 1,381,140</u>	<u>\$ 206,960</u>	<u>\$ -</u>	<u>\$ 684,687</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 2,568,738</u>



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

Board of Education
School District of Beloit
Beloit, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Beloit, Beloit, Wisconsin (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 on compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
January 29, 2021



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

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, Beloit, Wisconsin's (the District's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
January 29, 2021

SCHOOL DISTRICT OF БЕЛОIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue July 1, 2019	Cash Received (Refunded)	Accrued (Deferred) Revenue June 30, 2020	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
Child Nutrition Cluster:								
School Breakfast Program	10.553	WI DPI	2019-530413-SB-Severe-546	\$ (226,941)	\$ 226,941	\$ -	\$ -	\$ -
School Breakfast Program	10.553	WI DPI	2020-530413-DPI-SB-SEVERE-546	-	928,107	-	928,107	-
COVID-19 School Breakfast Program	10.553	WI DPI	2020-530413-DPI-SB-SEVERE-546	-	79,079	-	79,079	-
Total School Breakfast Program				(226,941)	1,234,127	-	1,007,186	-
National School Lunch Program	10.555	WI DPI	2019-530413-NSL-547	(444,988)	444,988	-	-	-
National School Lunch Program	10.555	WI DPI	2020-530413-DPI-NSL-547	-	1,861,177	-	1,861,177	-
COVID-19 National School Lunch Program	10.555	WI DPI	2020-530413-DPI-NSL-547	-	151,141	-	151,141	-
National School Lunch Program	10.555	WI DPI	2019-530413-NSLAE-566	(8,985)	8,985	-	-	-
National School Lunch Program	10.555	WI DPI	2020-530413-DPI-NSLAE-566	-	44,034	-	44,034	-
COVID-19 National School Lunch Program	10.555	WI DPI	2020-530413-DPI-NSLAE-566	-	4,298	-	4,298	-
National School Lunch Program	10.555	WI DPI	None	-	276,923	-	276,923	-
Total National School Lunch Program				(453,973)	2,791,546	-	2,337,573	-
Summer Food Service Program for Children	10.559	WI DPI	2019-530413-SFSP-586	(69,933)	69,933	-	-	-
Summer Food Service Program for Children	10.559	WI DPI	2020-530413-DPI-SFSP-586	-	127,442	-	127,442	-
Summer Food Service Program for Children	10.559	WI DPI	2020-530413-DPI-SFSP-586	-	383,970	117,149	501,119	-
Total Summer Food Service Program for Children				(69,933)	581,345	117,149	628,561	-
Total Child Nutrition Cluster				(750,847)	4,607,018	117,149	3,973,320	-
Child and Adult Care Food Program	10.558	WI DPI	2019-530413-AR-551	(2,113)	2,113	-	-	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2019-530413-19FFVP-B-376	(40,802)	40,802	-	-	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2020-530413-2018-19 DP-594	-	17,038	-	17,038	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2020-530413-20FFVP-OCT-376	-	102,934	41,308	144,242	-
Fresh Fruit and Vegetable Program				(40,802)	160,774	41,308	161,280	-
Total U.S. Department of Agriculture				(793,762)	4,769,905	158,457	4,134,600	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2019-530413-TIA-141	(816,948)	816,948	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-530413-DPI-TIA-141	-	1,972,567	471,073	2,443,640	-
Total Title I Grants to Local Educational Agencies				(816,948)	2,789,515	471,073	2,443,640	-

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

SCHOOL DISTRICT OF БЕЛОIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue July 1, 2019	Cash Received (Refunded)	Accrued (Deferred) Revenue June 30, 2020	Total Expenditures	Subrecipient Payments
Special Education Cluster (IDEA):								
Special Education Grants to States	84.027	WI DPI	2019-530413-IDEA-FT-341	\$ (295,621)	\$ 295,621	\$ -	\$ -	\$ -
Special Education Grants to States	84.027	WI DPI	2020-530413-DPI-IDEA-F-341	-	1,549,872	230,546	1,780,418	-
Special Education Grants to States	84.027	WI DPI	2020-530413-DPI-IDEA-F-341	-	3,930	39,344	43,274	-
Total Special Education Grants to States				(295,621)	1,849,423	269,890	1,823,692	-
Special Education Preschool Grants	84.173	WI DPI	2019-530413-IDEA-PS-347	(19,462)	19,462	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2020-530413-DPI-IDEA-P-347	-	59,243	14,354	73,597	-
Total Special Education Cluster (IDEA)				(315,083)	1,928,128	284,244	1,897,289	-
Career and Technical Education - Basic Grants to States								
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2019-530413-CTE-400	(17,525)	17,525	-	-	-
Career and Technical Education - Basic Grants to States								
Education for Homeless Children and Youth	84.196	WI DPI	2019-530413-EHCY-335	(10,343)	10,343	-	-	-
Education for Homeless Children and Youth	84.196	WI DPI	2020-530413-DPI-EHCY-335	-	51,839	10,672	62,511	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2019-530413-21st Century CLC-367	(99,022)	99,022	-	-	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2020-530413-CLC DPI-367	-	291,817	33,668	325,485	-
English Language Acquisition State Grants	84.365	WI DPI	2019-530413-TIIIA-391	(45,493)	45,493	-	-	-
English Language Acquisition State Grants	84.365	WI DPI	2020-530413-DPI-T3 -391	-	134,192	8,314	142,506	-
Improving Teacher Quality State Grants	84.367	WI DPI	2019-530413-TIIA-365	(91,982)	91,982	-	-	-
Improving Teacher Quality State Grants	84.367	WI DPI	2020-530413-TIIA-365	-	265,456	65,708	331,164	-
Student Support and Academic Enrichment Progra	84.424	WI DPI	2020-530413-TIVA - DPI-381	-	188,732	-	188,732	-
Total U.S. Department of Education				(1,396,396)	5,983,948	893,143	5,480,695	-

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

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue July 1, 2019	Cash Received (Refunded)	Accrued (Deferred) Revenue June 30, 2020	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Teen Parents Dropout Prevention Public Aid	93.500	WI DPI	N/A	\$ (2,111)	\$ 2,111	\$ -	\$ -	\$ -
Substance Abuse and Mental Health Services	93.243	WI DPI	Unknown	205	(205)	-	-	-
Medicaid Cluster:								
Medical Assistance Program	93.778	WI DHS	44200300	-	1,132,345	-	1,132,345	-
Total U.S. Department of Health and Human Services				<u>(1,906)</u>	<u>1,134,251</u>	<u>-</u>	<u>1,132,345</u>	<u>-</u>
Total Federal Awards				<u>\$ (2,192,064)</u>	<u>\$ 11,888,104</u>	<u>\$ 1,051,600</u>	<u>\$ 10,747,640</u>	<u>\$ -</u>

RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

Federal Sources	\$ 10,811,470
Grants not Presented on SEFA (ROTC)	<u>(63,830)</u>
Total Federal Awards	<u>\$ 10,747,640</u>

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

**SCHOOL DISTRICT OF БЕЛОIT
SCHEDULE OF STATE AWARDS
YEAR ENDED JUNE 30, 2020**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/19	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/20	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	530413-100	\$ -	\$ 3,145,856	\$ -	\$ 3,145,856	\$ -
State School Lunch Aid	255.102	Direct Program	530413-107	-	41,786	-	41,786	-
Common School Fund Library Aid	255.103	Direct Program	530413-104	-	334,352	-	334,352	-
Bilingual Bicultural Aid	255.106	Direct Program	530413-111	-	220,018	-	220,018	-
General Transportation Aid	255.107	Direct Program	530413-102	-	40,045	-	40,045	-
General Equalization Aids	255.201	Direct Program	530413-116	(1,050,044)	67,543,226	1,115,992	67,609,174	-
High Cost Special Education Aid	255.210	Direct Program	530413-119	-	197,727	-	197,727	-
Supplemental Per Pupil Aid	255.245	Direct Program	530413-181	-	23,575	-	23,575	-
Special Education Transition Readiness Grants	255.257	Direct Program	530413-174	-	-	32,752	32,752	-
School Based Mental Health Services Grant	255.297	Direct Program	530413-177	(47,822)	91,621	9,975	53,774	-
Peer Review and Mentoring Grants	255.301	Direct Program	530413-141	(100)	16,850	-	16,750	-
Alcohol and Other Drug Abuse	255.306	Direct Program	530413-143	(13,496)	33,751	3,916	24,171	-
Alcohol and Other Drug Abuse	255.321	Direct Program	530413-142	(869)	869	-	-	-
State School Breakfast Aid	255.344	Direct Program	530413-108	-	51,899	-	51,899	-
Early College Credit Program	255.445	Direct Program	530413-178	-	1,420	-	1,420	-
Student Achievement Guarantee in Education (SAGE)	255.504	Direct Program	530413-160	-	3,020,873	-	3,020,873	-
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	-	42,320	-	42,320	-
Per Pupil Aid	255.945	Direct Program	530413-113	-	5,211,066	-	5,211,066	-
Career and Technical Education Incentive Grants	255.950	Direct Program	530413-171	-	104,622	-	104,622	-
Assessments of Reading Readiness	255.956	Direct Program	530413-166	-	22,533	-	22,533	-
Special Education Transition Incentive Grants	255.960	Direct Program	530413-168	-	16,000	-	16,000	-
Total Wisconsin Department of Public Instruction				(1,112,331)	80,638,045	1,162,635	80,688,349	-
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Initiative				(111,725)	186,481	-	74,756	-
Total State Awards				<u>\$ (1,224,056)</u>	<u>\$ 80,824,526</u>	<u>\$ 1,162,635</u>	<u>\$ 80,763,105</u>	<u>\$ -</u>
RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS								
State Sources							\$ 80,976,142	
Less State Sources Not Considered State Financial Assistance								
State Tax Computer Aid							(38,836)	
State Personal Property Aid							(174,201)	
Total State Awards							<u>\$ 80,763,105</u>	

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

SCHOOL DISTRICT OF BELOIT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the School District of Beloit are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2019 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2019 - 2020 eligible costs under the State Special Education Program as reported by the District are \$13,017,787. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

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

SCHOOL DISTRICT OF БЕLOIT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
JUNE 30, 2020

NOTE 5 OVERSIGHT AGENCIES

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

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

NOTE 6 PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

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

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)

84.027
84.173
93.778

Name of Federal Program or Cluster

Special Education Cluster
Special Education Grants to States
Special Education Preschool Grants
Medical Assistance Program – School Based Services

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

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results (Continued)

State Awards

1. Internal control over state programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified
that are not considered to be
material weakness(es)? _____ yes x none reported

2. Type of auditors’ report issued on compliance for state projects: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? _____ yes x no

Identification of Major State Programs

State ID Number(s)	Name of State Program or Cluster
255.103	Common School Fund
255.201	Equalization Aids
255.504	Student Achievement Guarantee in Education

Dollar threshold used to distinguish between Type A and Type B programs: \$ 250,000

Section II – Financial Statement Findings

2020 – 001: Preparation of Annual Financial Report

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

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

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

2019 – 001: Preparation of Annual Financial Report (Continued)

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

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

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

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2019-001.

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

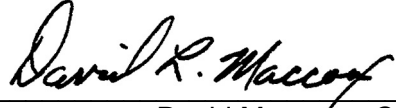
Views of responsible officials and planned corrective actions: We agree with the finding.

Section III – Federal and State Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2020.

**SCHOOL DISTRICT OF BELOIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section IV – Other Issues

- | | |
|---|---|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| a. Department of Health Services | No |
| b. Department of Public Instruction | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner | 

David Maccoux, CPA |
| 5. Date of report | January 29, 2021 |