

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Audited Financial Statements

Year Ended June 30, 2020

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 13
Basic Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21 - 50

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Audited Financial Statements

Year Ended June 30, 2020

Table of Contents
(continued)

Required Supplementary Information

Budgetary Comparison Schedule - General Fund	52
Budgetary Comparison Schedule - Special Education Fund	53
Schedules of Proportionate Share of the Net Pension Asset (Liability) and Employer Contributions	54
Schedule of Changes in Net OPEB Liability and Related Ratios	55
Schedules of Investment Returns and Employer Contributions – OPEB	56
Schedules of Proportionate Share of the Net OPEB Asset (Liability) Local Retiree Life and Employer Contributions Local Retiree Life	57
Notes to Required Supplementary Information	58 - 60

Other Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	63
Schedule of Expenditures of State Awards	64
Schedule of Expenditures of Federal Awards	65
Notes to Schedules of Expenditures of Federal and State Awards	66
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	67 - 68
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance and the Wisconsin State Single Audit Guidelines	69 - 70
Summary Schedule of Prior Audit Findings	71
Schedule of Findings and Questioned Costs	72 - 74



Independent Auditors' Report

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Reilly, Penner & Benton LLP

1
1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800

Change in Accounting Principle

As discussed in Note 1R, the District adopted new accounting guidance during the year ended June 30, 2020, GASB Statement 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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 other supplementary information are presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *Wisconsin State Single Audit Guidelines* and are not a required part of the basic financial statements.

The financial information listed in the table of contents as other supplementary information 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The 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.

Reilly, Penner & Benton LLP

November 24, 2020
Milwaukee, Wisconsin

**WHITEWATER UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended JUNE 30, 2020
(Unaudited)**

The discussion and analysis of the Whitewater Unified School District's financial performance provides an overall review of financial activities for the 2019-20 fiscal year.

It should be read in conjunction with the Independent Auditor's Report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Total governmental funds revenue was \$32,473,120; including \$17,795,669 from local sources, \$561,591 from interdistrict/intermediate sources, \$12,143,243 from state sources, \$1,936,936 from federal sources, and \$35,681 from other sources. Total governmental funds expenditures were \$30,613,712 which included \$15,849,248 for direct instruction.

Total assets of the District's Governmental Activities are \$63,170,475. Total deferred outflows of resources related are \$6,732,432. Total net position after deducting liabilities and deferred inflows of resources related to pensions and OPEB is \$29,494,930. The District's financial status as reflected in total net position increased by \$4,127,966 from the previous year. The beginning net position total was valued at \$25,548,188.

In terms of general fund operations, we had an increase in fund balance of \$50,000, from \$5,169,132 at the beginning of the year to \$5,219,132 at year-end. Overall, this fund balance is approximately 19.5% of our general fund operating budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the comprehensive annual financial report consists of three parts: management's discussion and analysis, basic financial statements (District-wide and fund statements) including notes to the financial statements, and other required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *statement of net position* and *statement of activities* provide information on a District-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

The *notes to the financial statement* provides further explanation of some of the information in the statements and provides additional disclosures so statement users have a complete picture of the District's financial activities and position.

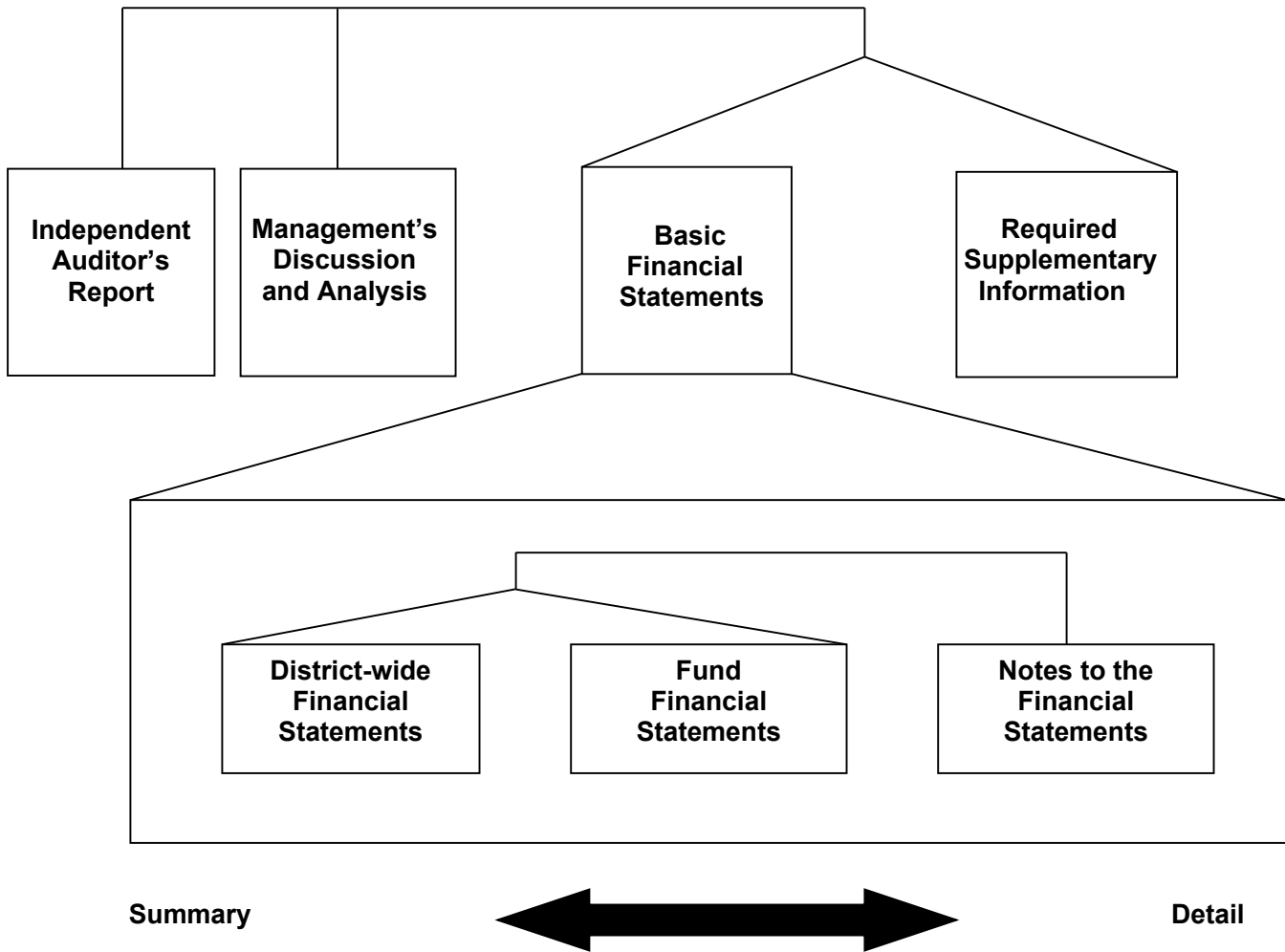
Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis
June 30, 2020
(Continued)

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1 Organization of Whitewater Unified School District Annual Financial Report



WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis
June 30, 2020
(Continued)

Figure A-2 summarizes the major features of the District's financial statement, including the portion of the District's activities covered and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-wide and Fund Financial Statements

Figure A-2	District Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not fiduciary, such as instructional, support services, debt service, food service and community services.	Assets held by the District on behalf of someone else. Scholarships awarded to graduates are accounted for under these statements.
Required financial statements	Statement of net position and statement of activities.	Balance sheet and statement of revenues, expenditures and changes in fund balance.	Statement of fiduciary net position and statements of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during, or soon after, the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis
June 30, 2020
(Continued)

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources available to support District activities. The Statement of Activities reports all revenues and expenses used to support the District. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position.

- Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively.
- The overall financial condition of the District's additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the District-wide financial statements, the District's activities are shown as governmental activities.

Most of the District's basic services are included here, such as regular and special education, transportation, support services, community programs and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for specific purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as are reported on the District-wide statements.
- *Fiduciary funds* – The District serves as a trustee, or *fiduciary*, for scholarship trust funds. The assets of this account belong to the expendable trust, not the District. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis
June 30, 2020
(Continued)

FINANCIAL ANALYSIS

Statement of Net Position

Table 1, provides a summary of the District's net position for the periods ended June 30, 2019 and 2020. The calculation of net position includes an unrestricted net position of \$3,683,233. The food service fund balance is restricted for food service operations; the capital project fund is restricted for major capital improvement projects; the debt service fund is restricted for payment of interest/principal payments; and the other includes the special revenue trust fund which is restricted for the intended purpose of the gifts and donations received. The calculation of net position uses historical costs for facilities that may not reflect the true value.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Percentage
	<u>2019</u>	<u>2020</u>	<u>Change</u>
			<u>2019-2020</u>
Assets			
Current and other assets	\$ 15,921,688	\$ 18,720,976	
Net pension asset	---	2,591,197	
Capital assets	42,499,740	41,858,302	
Total assets	<u>58,421,428</u>	<u>63,170,475</u>	8.13%
Deferred outflows of resources			
Related to WRS pensions	7,420,068	5,581,847	
Related to OPEB	457,452	1,150,585	
Total deferred outflows of resources	<u>7,877,520</u>	<u>6,732,432</u>	-14.54%
Liabilities			
Noncurrent liabilities	30,928,991	25,208,551	
Current liabilities	6,148,280	6,995,347	
Total liabilities	<u>37,077,271</u>	<u>32,203,898</u>	-13.14%
Deferred inflows of resources			
Related to WRS pensions	3,960,608	7,769,362	
Related to OPEB	265,358	253,493	
Total deferred inflows of resources	<u>4,225,966</u>	<u>8,022,855</u>	89.85%
Net position			
Net investment in capital assets	17,489,686	18,129,237	
Restricted	5,889,593	7,863,684	
Unrestricted	1,616,432	3,683,233	
Total net position	<u>\$ 24,995,711</u>	<u>\$ 29,676,154</u>	18.72%

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis
June 30, 2020
(Continued)

Table 2, below shows the changes in net position for the fiscal years ended June 30, 2019 and 2020, from all governmental activities.

Table 2

	<u>Governmental Activities</u>		<u>Percentage</u>
	<u>2019</u>	<u>2020</u>	<u>Change</u>
			<u>2019-2020</u>
Revenues:			
Program revenue			
Charges for services	\$ 978,214	\$ 965,889	
Operating grants & contributions	3,493,406	3,605,914	
Capital grants & contributions	100,063	22,377	
General revenues			
Property taxes	16,563,723	16,894,793	
Federal and state aid	9,566,369	10,837,488	
Investment income	162,882	128,484	
Other	80,578	59,400	
Total revenues	30,945,235	32,514,345	5.07%
Expenses:			
Instruction	16,289,066	16,175,056	
Pupil & instructional services	2,664,946	2,649,902	
Administration services	2,187,843	2,152,396	
Maintenance & operation	2,787,495	2,694,379	
Transportation	1,346,936	1,249,588	
Interest on debt	810,561	780,888	
Other	2,995,630	2,684,170	
Total expenses	29,082,477	28,386,379	-2.39%
Changes in net position	1,862,758	4,127,966	
Beginning net position	24,995,711	25,548,188	
Prior period adjustment	552,477	---	
Beginning net position as adjusted	25,548,188	25,548,188	
Ending net position	\$ 27,410,946	\$ 29,676,154	8.26%

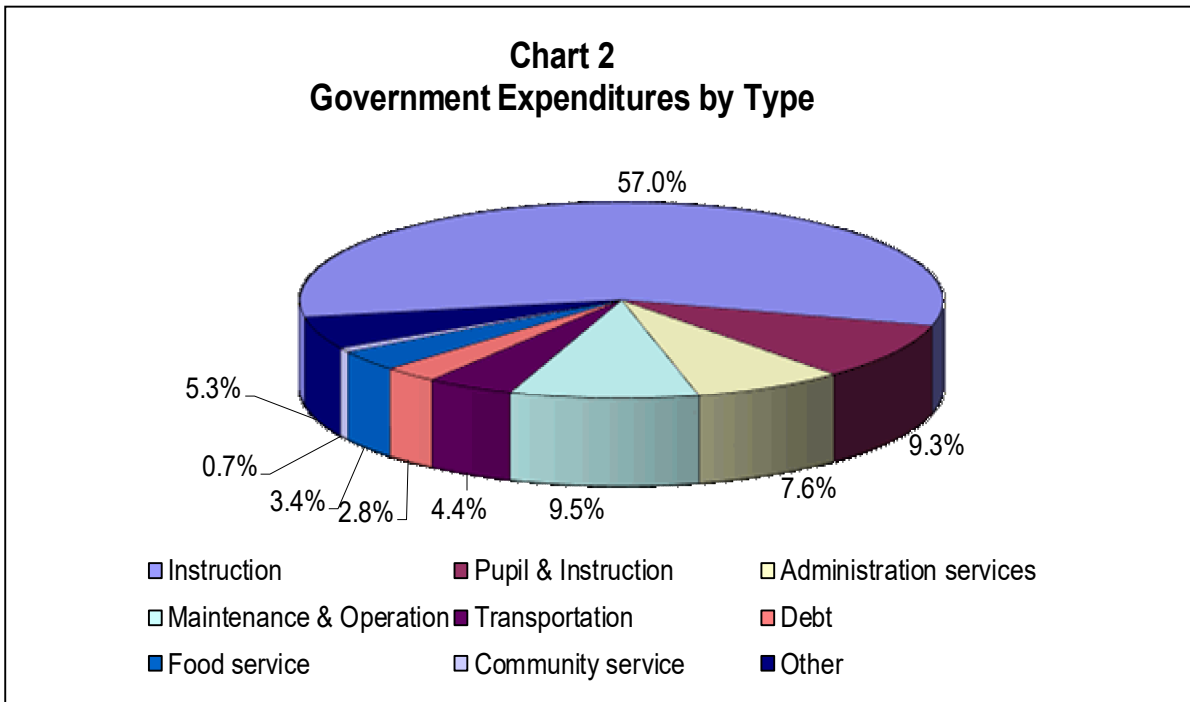
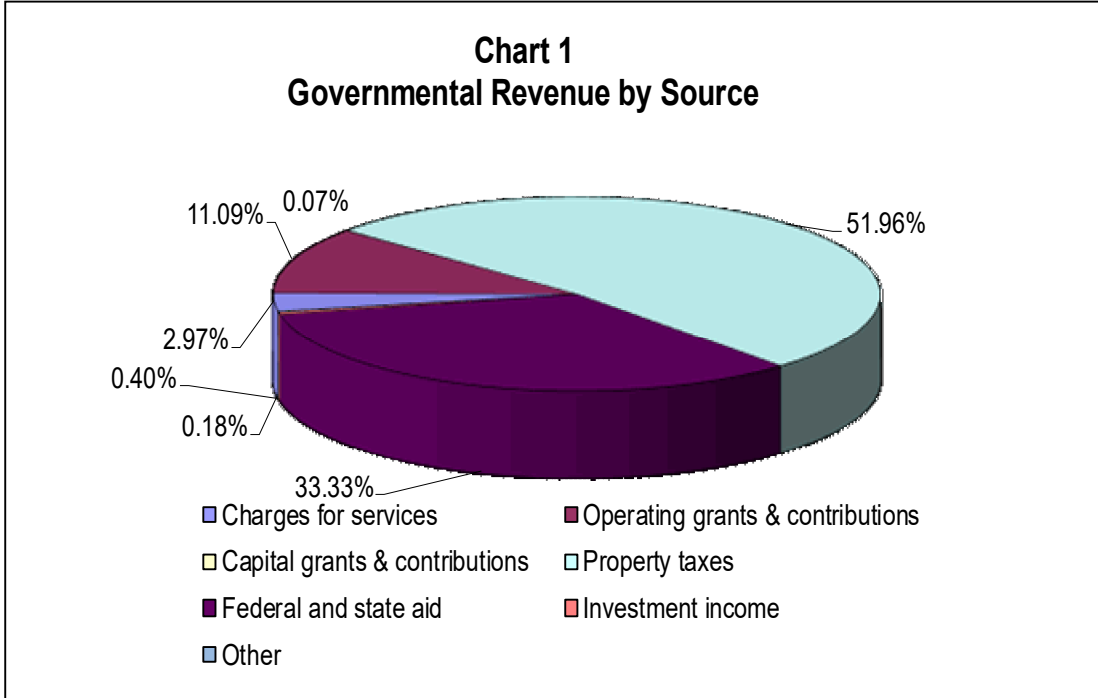
WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis

June 30, 2020

(Continued)

Charts 1 and 2 provide summarized operating results for revenues and expenditures and their impact on fund balance. The District relies primarily on property taxes (51.96%), state and federal aid (33.33%), and other revenues such as fees, investments and other sources (14.71%).



WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis
June 30, 2020
(Continued)

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

General Fund

The General Fund, the main operating fund of the District, remains in a financially strong position. Revenues and other financing sources exceeded expenses by \$50,000. The year ended with a fund balance of approximately 19.5% of the operating budget (this includes both nonspendable and unassigned fund balances). This improved financial stability has allowed the District to reduce, but not eliminate, its reliance on short-term borrowing to meet cash flow needs.

Approximately 52% of total revenues come from property taxes, which are guaranteed by the counties of Jefferson, Rock, and Walworth. The school board certifies taxes by November to the municipal clerks. The clerks pay the District's proportionate share of collections in January and February. The balance of the taxes is then paid to the county by July 31 and remitted to the school District in August. This year taxes receivable at year-end were \$5,191,565, or approximately 31% of the total tax levy.

The school board adopts an interim budget at the Annual Budget Hearing in August. An original budget is adopted in October when the final revenue limit calculations are completed and tax levy is certified. If there are no significant Board-approved adjustments to the budget during the year, this then becomes the final budget. The District's final budget for the general fund anticipated that revenues would exceed expenditures before other financing sources by \$50,000. The actual results for the year show that revenues exceeded expenditures by \$50,000.

The following general fund functions had an excess of actual expenditures over budget for the current fiscal year:

Other special needs	\$ 6,951
Other non-program transactions	45,863
Central services	423

The excess expenditures were funded by higher than anticipated revenues and expenditures under budget in other areas.

Specifically, other special needs overage resulted from higher than expected wages and benefits. Other non-program transactions were over budget due to unexpected Medicaid recoupment. Central services was over budget due to higher postage costs.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis
June 30, 2020
(Continued)

Debt Service Fund

The ending fund balance of the debt service fund was \$5,974,949, which is sufficient to cover our interest payments in October 2020. Next year's tax levy will cover our principal and interest payments due in April and our interest payments due in October 2021. All interest earned in this segregated account is used to offset the tax levy in the succeeding year. This is a restricted fund and can only be used for debt service payments.

The District's current Bond Rating is Aa3. Our current debt limit is \$146,648,632 and our current bond and notes payable is \$22,910,000, leaving a margin of indebtedness of \$123,738,632. We are utilizing 15.62% of our debt limit.

Food Service Fund

The food service program started the year with \$357,049 in its fund balance and ended with \$494,555 at the end of the year. The District did not need to increase prices for the 2019-20 school year. The District has been operating a very lean food service program over the years that has resulted in the accrual of a healthy fund balance. The District has successfully operated this program for years and continues to monitor the fees and operation on an annual basis.

Community Service Fund

The community service program realized an increase in its fund balance of \$12,210. The ending balance is \$166,297. The District continues to use the community service fund to maintain community programming and accessibility to District facilities.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the fiscal year 2019, the District had invested over \$62 million in capital assets, including land, buildings, sites, furniture, and equipment. Total accumulated depreciation on these assets was \$20,573,193. These figures are inclusive of additions and deletions during the 2019-20 fiscal year. Detailed information about capitals assets are found on the following table:

	Capital Assets		
	Governmental Activities		Percentage Change
	<u>2019</u>	<u>2020</u>	<u>2019-2020</u>
Fixed Assets Capitalized & Invested Fixed Assets	\$ 62,403,627	\$ 62,431,495	0.0%
Less: Accumulated Depreciation	<u>19,903,885</u>	<u>20,573,193</u>	<u>3.4%</u>
	<u>\$ 42,499,742</u>	<u>\$ 41,858,302</u>	-1.5%

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis

June 30, 2020

(Continued)

Long-Term Debt

At the end of this fiscal year, the District had \$22,910,000 in general obligation bonds and notes outstanding. As previously stated, the total principal payable represents 15.63% of the District's ability to borrow for long-term projects. In April 2017, the District secured bonds in the amount of \$23,500,000 for capital improvements. Debt of the District is secured by an irrevocable tax levy adopted by the school board at the time of issuance. This is preceded by an electoral vote of the citizens approving the referendum. Wisconsin State Statutes require that the first property tax receipts received be segregated into this fund to meet the annual debt service payments. Following is a table of our outstanding debt:

Outstanding Long-Term Obligations

	<u>Total School District</u>		<u>Percentage</u>
	<u>2019</u>	<u>2020</u>	<u>Change</u>
			<u>2019-2020</u>
General obligation debt	\$ 24,130,000	\$ 22,910,000	-5.1%
Capital lease	12,332	---	-100.0%
Compensated absences	48,683	80,518	65.4%
Post-employment benefits	7,102,586	2,708,968	-61.9%
	<u>\$ 31,293,601</u>	<u>\$ 25,699,486</u>	-17.9%

SERVICES OF THE DISTRICT

The Whitewater Unified School District provides public education primarily to residents of the District and to qualifying non-residents between the ages of three and twenty-one.

- **Primary and Secondary Education** - The District provides primary education beginning with a kindergarten program (at age four) through eighth grade. The District also provides secondary education from ninth to twelfth grade. The District has three elementary school buildings, one middle school building, one high school building, and one central office building. It also provides a voluntary enrichment/remedial summer school program. Extracurricular activities are part of the primary and secondary education. They are voluntary and include athletic, music, drama, and other academic activities.
- **Special Education** - As defined by the state and federal regulations, the District provides special education programming to students ages three to twenty-one. Special education teachers are required to have additional training to instruct students.
- **Community Services** - Facilities and fields owned by the District are made available to the adults and youth of the community. These activities can be educational, recreational, or informative in nature and are typically made available at no cost for "non-profit" community groups, while a fee may be charged to "for-profit" groups to cover operating expenses. The activities offered under this program are not allowed to conflict with any of the regular or special needs educational programs offered by the District.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Management's Discussion and Analysis
June 30, 2020
(Continued)

Factors Bearing on the District's Future

Current known circumstances that will impact the District's financial status in the future are:

- **Membership** – The District continues to experience slight increases in student membership. We have noticed smaller incoming classes and larger graduating classes. We continuously monitor our numbers closely and adjust our staffing and programming accordingly. The District will continue to collaborate with the City of Whitewater, UW-Whitewater, and community businesses to draw people to the area by promoting the many opportunities offered in Whitewater. This is part of our continual effort to attract more families to our community and students to our schools.
- **Open Enrollment** – The District continues to experience a net loss with open enrollment students. Open enrollment in general has a large financial impact. This is an area the district will investigate to further close the gap and minimize the financial impact.
- **Operating Referendum** - Taxpayers voted in support of an operational referendum in November 2018. This four-year nonrecurring referendum begins at \$2,000,000 and increases each of the next three years by \$800,000 annually to \$4,400,000. This referendum expires at the end of the 2023-24 school year. The funds are intended to help maintain class sizes, instructional and mental health supports, and facilities and infrastructure.
- **Revenue Limit** – The District experienced nominal revenue limit growth in the last few years as the result of utilizing various recurring and non-recurring exemptions. We continue to operate under a state-imposed revenue limit that is nominally higher on a per-pupil basis as it was in the 2010-11 fiscal year. The District's ability to maintain programming will be threatened if we do not see stable revenue limit growth in the future.
- **State Equalized Aid** – The District experienced an increase in state equalization aid in 2019-20. It is important to note state equalization aid is one of the limited revenues and does not necessarily reflect an increase or decrease to our operating revenue authority.
- **State Budget** – As always, the decisions made at the state level in the development of the state biennial budget will have an impact on WUSD and public schools in general. We will keep a close eye on the policies and proposals included in the budget and participate in the process as appropriate.
- **Transfer of Service** – When the District absorbs costs associated with a student transferring into the District, it can sometimes claim a Transfer of Service exemption in the revenue limit calculation. This allows the District to tax for the expenses it incurs as a result of the transfer of service. This is a base-building exemption that minimizes the impact to the operational budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, creditors, and others with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Matthew Sylvester-Knudtson, Director of Business Services, Whitewater Unified School District, 419 S. Elizabeth St., Whitewater, Wisconsin 53190, (262) 472-8705.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Statement of Net Position
June 30, 2020

	Governmental Activities
Assets:	
Current assets	
Cash and equivalents	\$ 6,950,228
Investments	5,230,179
Taxes receivable	5,191,565
Accounts receivable	67,765
Interest receivable	26,045
Due from employee benefit trust	139,491
Due from other governments	945,225
Prepaid expense	170,478
Total current assets	18,720,976
Noncurrent assets	
Net pension asset related to WRS	2,591,197
Capital assets:	
Nondepreciable	242,472
Depreciable, net of accumulated depreciation	41,615,830
Net capital assets	41,858,302
Total assets	63,170,475
Deferred outflows of resources:	
Deferred outflows of resources related to pensions	5,581,847
Deferred outflows of resources related to OPEB for Local Retiree Life Insurance	357,345
Deferred outflows of resources related to OPEB	793,240
Total deferred outflows of resources	6,732,432
Liabilities:	
Current liabilities	
Short-term notes payable	2,400,000
Accounts payable	206,071
Withholdings and fringes payable	561,110
Accrued interest	191,704
Accrued payroll	1,724,055
Due to employee benefit trust	383,000
Due to other governments	111,509
Deposits payable	13,313
Dental claims payable	71,041
Unearned revenues	23,544
Current portion of long-term debt	1,310,000
Total current liabilities	6,995,347
Noncurrent liabilities:	
Long-term debt, net of current portion	21,600,000
Unamortized debt premium	819,065
Accrued vacation liabilities	80,518
Net OPEB liability related to Local Retiree Life Insurance	829,058
Net OPEB liability	1,879,910
Total noncurrent liabilities	25,208,551
Total liabilities	32,203,898
Deferred inflows of resources:	
Deferred inflows related to pensions	7,769,362
Deferred inflows related to OPEB	122,212
Deferred inflows related to OPEB for Local Retiree Life Insurance	131,281
Total deferred inflows of resources	8,022,855
Net Position:	
Net investment in capital assets	18,129,237
Restricted for:	
Debt service	5,974,949
Capital projects	794,086
Food service	494,555
Common school library	22,080
Other activities	578,014
Unrestricted	3,683,233
Total net position	\$ 29,676,154

The accompanying notes to financial statements
are an integral part of these statements.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Statement of Activities
Year Ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction:					
Regular instruction	\$ 10,276,896	\$ 625,083	\$ 1,159,436	\$ ---	\$ (8,492,377)
Special education instruction	4,206,683	261	1,448,929	---	(2,757,493)
Vocational instruction	567,709	---	---	---	(567,709)
Other instruction	1,123,768	37,024	---	---	(1,086,744)
Total instruction	16,175,056	662,368	2,608,365	---	(12,904,323)
Support services:					
Pupil services	1,531,446	---	---	---	(1,531,446)
Instructional staff services	1,118,456	---	97,499	---	(1,020,957)
Administration services	2,152,396	---	---	---	(2,152,396)
Operation and maintenance of plant	2,694,379	19,759	---	22,377	(2,652,243)
Pupil transportation	1,249,588	---	42,313	---	(1,207,275)
Central services	13,652	---	---	---	(13,652)
Other support services	850,907	---	---	---	(850,907)
Community services	204,720	5,457	5,500	---	(193,763)
Food service	964,593	278,305	852,237	---	165,949
Interest	780,888	---	---	---	(780,888)
Unallocated depreciation**	650,298	---	---	---	(650,298)
Total support services	12,211,323	303,521	997,549	22,377	(10,887,876)
Total school district	\$ 28,386,379	\$ 965,889	\$ 3,605,914	\$ 22,377	(23,792,199)

General revenues:

Taxes:

Property taxes, levied for general purposes	12,901,811
Property taxes, levied for debt service	3,607,284
Property taxes, levied for specific purposes	355,500
Other taxes	30,198
Federal and state aid not restricted to specific purposes	
General	10,638,931
Other	198,557
Interest and investment earnings	128,484
Miscellaneous	59,400

Changes in net position

4,127,966

Net position - beginning of year

24,995,711

Change in accounting principle

113,585

Prior period adjustment

438,892

Net position - beginning of year as adjusted

25,548,188

Net position - end of year

\$ 29,676,154

** This amount excludes depreciation that is included in the direct expenses of the various programs.

The accompanying notes to financial statements
are an integral part of these statements.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and equivalents	\$ 4,098,348	\$ 1,017,829	\$ 1,834,051	\$ 6,950,228
Investments	224,353	4,931,075	74,751	5,230,179
Taxes receivable	5,191,565	---	---	5,191,565
Accounts receivable	45,704	---	22,061	67,765
Interest receivable	---	26,045	---	26,045
Due from other funds	25,410	---	226,522	251,932
Due from employee benefit trust fund	139,491	---	---	139,491
Due from other governments	829,126	---	116,099	945,225
Prepaid expenditures	158,881	---	11,597	170,478
Total assets	\$ 10,712,878	\$ 5,974,949	\$ 2,285,081	\$ 18,972,908
LIABILITIES AND FUND BALANCES				
Liabilities:				
Short-term notes payable	\$ 2,400,000	\$ ---	\$ ---	\$ 2,400,000
Accounts payable	118,578	---	87,493	206,071
Withholdings and fringes payable	551,678	---	9,432	561,110
Accrued interest	300	---	---	300
Accrued payroll	1,696,545	---	27,510	1,724,055
Due to other funds	226,522	---	25,410	251,932
Due to employee benefit trust fund	369,000	---	14,000	383,000
Due to other governments	46,179	---	65,330	111,509
Deposits payable	13,313	---	---	13,313
Dental claims payable	71,041	---	---	71,041
Unearned revenues	590	---	22,954	23,544
Total liabilities	5,493,746	---	252,129	5,745,875
Fund Balances:				
Nonspendable	158,881	---	11,597	170,478
Restricted	22,080	5,974,949	1,855,058	7,852,087
Assigned	---	---	166,297	166,297
Unassigned	5,038,171	---	---	5,038,171
Total fund balances	5,219,132	5,974,949	2,032,952	13,227,033
Total liabilities and fund balances	\$ 10,712,878	\$ 5,974,949	\$ 2,285,081	\$ 18,972,908

The accompanying notes to financial statements
are an integral part of these statements.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position**
June 30, 2020

Total fund balances - governmental funds		\$ 13,227,033
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Cost of the assets	\$ 62,431,495	
Accumulated depreciation	<u>(20,573,193)</u>	41,858,302
The District's proportionate share of the net pension asset at the WRS is reported as an asset on the statement of net position, but is not reported in the governmental funds.		2,591,197
Deferred outflows of resources related to pensions, OPEB, and OPEB-Local Retiree Life are applicable to future periods, and therefore, are not reported in the governmental funds.		6,732,432
Deferred inflows of resources related to pensions, OPEB, and OPEB-Local Retiree Life Insurance are applicable to future periods, and therefore, are not reported in the governmental funds.		(8,022,855)
The District's net OPEB liability is recorded as a liability on the statement of net position, but is not reported in the governmental funds.		(1,879,910)
The District's net OPEB-Local Retiree Life Insurance liability is recorded on the statement of net position, but is not reported in the governmental funds.		(829,058)
Long-term debt and related items are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term debt and related items at year-end consist of:		
Bonds payable	20,765,000	
Notes payable	2,145,000	
Compensated absences	80,518	
Unamortized debt premium	<u>819,065</u>	(23,809,583)
Accrued interest payable on the bonds and notes are not due and payable in the current period, and therefore, is not reported as a liability in the funds		<u>(191,404)</u>
Total net position - governmental activities		<u><u>\$ 29,676,154</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local	\$ 13,108,873	\$ 3,700,244	\$ 986,552	\$ 17,795,669
Interdistrict payments within Wisconsin	502,706	---	---	502,706
Intermediate sources	58,885	---	---	58,885
State	12,110,917	---	32,326	12,143,243
Federal	1,101,971	---	834,965	1,936,936
Other	33,985	---	1,696	35,681
Total revenues	<u>26,917,337</u>	<u>3,700,244</u>	<u>1,855,539</u>	<u>32,473,120</u>
Expenditures:				
Instruction:				
Current	15,522,469	---	326,779	15,849,248
Interdistrict	1,414,769	---	---	1,414,769
Capital outlay	9,107	---	---	9,107
Support Services:				
Current	9,479,975	---	1,259,001	10,738,976
Capital outlay	323,500	---	200,564	524,064
Debt service	24,023	2,053,525	---	2,077,548
Total expenditures	<u>26,773,843</u>	<u>2,053,525</u>	<u>1,786,344</u>	<u>30,613,712</u>
Excess (deficiency) of revenues over (under) expenditures	143,494	1,646,719	69,195	1,859,408
Other Financing Sources (Uses):				
Operating transfers in	---	69,778	64,943	134,721
Operating transfers out	(134,721)	---	---	(134,721)
Proceeds from sale of non-capital equipment	41,227	---	---	41,227
Total other financing sources (uses)	<u>(93,494)</u>	<u>69,778</u>	<u>64,943</u>	<u>41,227</u>
Net change in fund balances	50,000	1,716,497	134,138	1,900,635
Fund Balances - Beginning of year	5,169,132	4,258,452	1,785,229	11,212,813
Change in accounting principle	---	---	113,585	113,585
Fund Balances - Beginning of year, as adjusted	<u>5,169,132</u>	<u>4,258,452</u>	<u>1,898,814</u>	<u>11,326,398</u>
Fund Balances - End of year	<u>\$ 5,219,132</u>	<u>\$ 5,974,949</u>	<u>\$ 2,032,952</u>	<u>\$ 13,227,033</u>

The accompanying notes to financial statements
are an integral part of these statements.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

**Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities**
Year Ended June 30, 2020

Total net change in fund balances - governmental funds		\$	1,900,635
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>			
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses.</p>			
Depreciation expense		\$ (1,174,611)	
Capital outlays		<u>533,171</u>	(641,440)
<p>In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.</p>			
Cost of benefits earned net of employee contributions		(1,031,824)	
District pension contributions		<u>840,692</u>	(191,132)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>			
Bonds payable		1,040,000	
Notes payable		180,000	
Capital leases		<u>12,332</u>	1,232,332
<p>Net OPEB obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the statement of activities.</p>			
			1,861,290
<p>Net OPEB related to Local Retiree Life obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the statement of activities.</p>			
Cost of benefits earned related to Local Retiree Life		(94,934)	
PDF reserve transfer		25,203	
Contributions related to Local Retiree Life		<u>3,519</u>	(66,212)
<p>Amortization reduces the balance of the respective liability. The amortization is an expenditure in the statement of activities, but is not shown in the governmental funds.</p>			
Amortization of premium on debt issuance			48,657
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.</p>			
			(31,835)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>			
			<u>15,671</u>
Change in net position of governmental activities		<u>\$</u>	<u>4,127,966</u>

The accompanying notes to financial statements
are an integral part of these statements.

WHITEWATER UNIFIED SCHOOL DISTRICT

Whitewater, Wisconsin

Statement of Fiduciary Net Position

June 30, 2020

	<u>Private Purpose Trusts</u>	<u>Employee Benefit Trusts</u>
ASSETS		
Cash and equivalents	\$ ---	\$ 1,491,088
Investments	---	858,257
Due from other funds	---	383,000
Total assets	<u>\$ ---</u>	<u>\$ 2,732,345</u>
LIABILITIES AND NET POSITION		
Liabilities:		
Due to other funds	---	139,491
Net position:		
Restricted	---	2,592,854
Total liabilities and net position	<u>\$ ---</u>	<u>\$ 2,732,345</u>

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	<u>Private Purpose Trusts</u>	<u>Employee Benefit Trusts</u>
ADDITIONS		
Interest	\$ ---	\$ 26,955
Contributions to employee benefit trust	---	1,563,684
Total additions	---	1,590,639
DEDUCTIONS		
Trust fund disbursements	---	839,743
Total deductions	---	839,743
Change in net position	---	750,896
Net position - June 30, 2019	84,421	1,841,958
Change in accounting principle	(84,421)	---
Net position - beginning of year as adjusted	---	1,841,958
Net position - June 30, 2020	<u>\$ ---</u>	<u>\$ 2,592,854</u>

The accompanying notes to financial statements
are an integral part of these statements.

Whitewater Unified School District
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020

1. Summary of Significant Accounting Policies

A. Introduction

The Whitewater Unified School District (“District”) is organized as a unified school district. The District, governed by a seven-member elected school board, is fiscally independent with taxing and borrowing powers. Services provided by the District are primary and secondary education and special education.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the District are discussed below.

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the general-purpose financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

C. Basis of Presentation

District–Wide Statements

The statement of net position and the statement of activities present financial information about the District’s governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues have been classified to the function where the majority of the expenditures relating to it have been incurred. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

1. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation (continued)

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. This fund includes activities associated with providing education programs to students with disabilities.

Debt Service Fund – These funds are used for recording transactions related to repayment of general obligation debt.

The District accounts for fiduciary activities for employee post-employment benefits in an employee benefit trust fund.

D. Measurement Focus and Basis of Accounting

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

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

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

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

1. Summary of Significant Accounting Policies (continued)

E. Cash and Equivalents

The District's cash and equivalents are considered to be cash on hand, and demand deposits. Cash and equivalent balances for individual funds are pooled unless maintained in segregated accounts.

F. Investments

The District's investments are stated at fair value, except for highly liquid market investments with maturities of one year or less at the time of purchase, which are stated at amortized cost. Market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The District generally holds all investments until maturity or until market values equal or exceed cost.

The following is a description of the valuation methodologies used for assets measured at fair value. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2020.

Annuity: Valued at the current, lump sum value of periodic future payments as calculated using a specific rate provided by the investee.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Interest income is recorded on the accrual basis. Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Adjustments necessary to record investments at fair value are recorded in the statement of activities, statements of revenues, expenditures and changes in fund balances and statement of changes in fiduciary net position as increases or decreases in investment income.

Investment balances for individual funds are pooled unless maintained in segregated accounts.

G. Receivables

Property taxes are recognized as revenues in the year for which they are budgeted. The District tax levy is certified in November of the current fiscal year for collection by the taxing municipalities based on the past October 1 full or "equalized" taxable property values. The District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. Under the Wisconsin Statutes, Walworth County, Jefferson County, and Rock County purchase the outstanding property taxes of the District in August of each year. This statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied.

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management has determined that such allowance would not be material.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

1. Summary of Significant Accounting Policies (continued)

H. Interfund Transactions

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. The District has no advances between funds.

Individual fund transfers and interfund receivable and payable activity for the year ending June 30, 2020 are as follows:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transfers:			
Debt Service Payment	Debt Service Fund	General Fund	\$ 69,778
Long-term capital improvement	Long-term Capital Improvement Fund	General Fund	<u>64,943</u>
			<u>\$ 134,721</u>
Due to/from:			
Capital improvements	Long-term Capital Improvement Fund	General	\$ 64,943
Post-employment benefits	General	Employee benefit trust	139,491
General operations	General	Package/Cooperative	25,000
General operations	General	Capital projects	410
Post-employment benefits	Employee benefit trust	Food service	14,000
Post-employment benefits	Employee benefit trust	General	369,000
Capital improvements	Capital expansion fund	General	<u>161,579</u>
			<u>\$ 774,423</u>

I. Capital Assets

Capital assets are reported at actual cost or estimated historical cost. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Property and equipment and related depreciation expense are not reflected in the Governmental Fund Financial Statements.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

1. Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	Straight-line	7 - 50 years
Equipment and furniture	5,000	Straight-line	5 - 20 years

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

J. Net Position

The District classifies net position in the government-wide financial statements as follows:

- *Net Investment in Capital Assets* - includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of any borrowings attributable to the acquisition, construction or improvement for those assets.
- *Restricted Net Position* - includes net position that has limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Unrestricted Net Position* – the residual classification for the general fund for balances that do not fall into the other two categories.

The District applies restricted resources when an expense is incurred for purposes for which both a restricted and unrestricted net position are available.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

1. Summary of Significant Accounting Policies (continued)

K. Fund Balance

The Governmental Accounting Standards Board (“GASB”) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- *Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amounts.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the Director of Business Services may assign amounts for specific purposes.
- *Unassigned* - all other spendable amounts

Order of Fund Balance Spending Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When the expenditure is incurred for which committed, assigned, or unassigned funds are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School Board or Director of Business Services has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

In the general fund, the Board of Education strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the subsequent year’s budgeted expenditures.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

1. Summary of Significant Accounting Policies (continued)

L. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Unused sick pay is not paid out upon retirement or termination of employment. The liability is not reported, and the unpaid compensated absences are not expected to be paid using expendable available resources.

Unused vacation pay is paid out upon termination of employment, for certain employees. The unpaid compensated absences are not expected to be paid using current financial resources; therefore, the liability is only reported in the statement of net position.

M. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the financial statements will sometimes report separate sections for deferred outflows and deferred inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

N. Other Assets

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance represents payments made by the District for which benefits extend beyond June 30 and have not yet been earned by the recipient.

O. 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's fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Estimates

The preparation of the 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 may differ from those estimates.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

1. Summary of Significant Accounting Policies (continued)

Q. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (“LRLIF”) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

R. Adoption of New Accounting Guidance

As of July 1, 2019, the District elected to implement GASB Statement No. 84, Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require the activities be reported in a fiduciary fund in the basic financial statements. Upon review of the District’s fiduciary fund activity, the District determined there was activity in its’ Private Purpose Trust Fund and Agency Fund that no longer met the definition of a fiduciary activity under GASB Statement No. 84.

The government-wide net position and fund balances were restated as a result of the implementation of GASB Statement No. 84:

	Private Purpose Trust	Agency Fund	Special Revenue Trust
Net position/fund balance as previously reported at June 30, 2019	\$ 84,421	\$ ---	\$ 420,245
Due to student groups at July 1, 2019	---	29,164	---
To reclassify funds due to implementation of GASB Stmt No. 84			
Scholarship Fund	(84,421)	---	84,421
Agency Fund – Student activities	---	(29,164)	29,164
	---	---	---
Net position/fund balance as restated at July 1, 2019	\$ ---	\$ ---	\$ 533,830

S. Subsequent Events

Management has evaluated all subsequent events for possible inclusion as a disclosure in the financial statements through the date the financial statements were available to be distributed (November 24, 2020). Subsequent to year end, the District repaid the short-term debt and issued new short-term debt. See Footnote 3 for additional information.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

2. Cash and Equivalents and Investments

Cash and equivalents and investments as shown on the District's financial statements are subject to the following risks:

	Cash and Equivalents	Investments	Total
Custodial Risk:			
Demand deposits	\$ 8,439,756	\$ ---	\$ 8,439,756
Petty cash	1,560	---	1,560
Custodial and Interest Rate Risk:			
Money market	---	224,348	224,348
Wisconsin Investment Series Cooperative (WISC):			
Certificates of deposit	---	2,694,000	2,694,000
American Deposit Investment certificates of deposit	---	1,985,000	1,985,000
Mid-America investment trust (Annuity)	---	858,263	858,263
Custodial, Interest Rate and Credit Risk:			
Wisconsin Investment Series Cooperative (WISC):			
Investment Series	---	326,009	326,009
Cash Management Series	---	816	816
Total	\$ 8,441,316	\$ 6,088,436	\$ 14,529,752

The District's cash and investments are reported in the financial statements as follows:

Statement of net position:	
Cash and equivalents	\$ 6,950,228
Investments	5,230,179
Statement of fiduciary net position and agency:	
Cash and equivalents	1,491,088
Investments	858,257
Total cash and investments	\$ 14,529,752

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Deposits in each local and area bank are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governmental entities.

The District has investments in WISC consisting of Investment Series ("IS"), Cash Management Series ("CMS"), savings deposit accounts ("SDA") and certificates of deposit. The CMS has no minimum investment period and allows check writing privileges. The WISC weighted average maturity ranges from 0 to 285 days. The IS provides a vehicle that pools funds for investment in U.S. government obligations, agencies, commercial paper and other high-quality short-term instruments, individual fixed rate investments, including statute allowable certificates of deposit, government securities and municipal securities. The Investment Series also requires a 14-day minimum investment period and one business day withdrawal notice.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

2. Cash and Investments (continued)

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental cooperation Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin Law. WISC investments are valued at amortized cost, which approximates market value. Investment income is distributed to participants based on their relative participation during the period. Participants in WISC have the right to withdraw their funds in total on one day's notice.

In accordance with certain contractual provisions, investment income associated with WISC is assigned to the Building Project Fund. Investment income is distributed to participants based on their relative participation during the period.

A separate financial report for WISC is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained by contacting the Wisconsin Investment Series Cooperative.

Custodial Risk: Is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's carrying value for cash and investments was \$14,529,752 at June 30, 2020 and the bank's carrying value was \$15,184,561 of which \$13,293,950 was fully insured and \$1,890,611 was uninsured and uncollateralized. The District does not have a policy on custodial risk.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. The District's policy is that all investment transactions shall be planned to avoid loss of capital from market risk. Information regarding the exposure of the District's investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	5-10 Years	Over 10 Years
WISC					
Investment series	\$ 326,009	\$ 326,009	\$ ---	\$ ---	\$ ---
Cash management series	816	816	---	---	---
Certificates of deposit	2,694,000	2,694,000	---	---	---
Mid-America					
Investment Trust (Annuity)	858,263	---	858,263	---	---
American Deposit Management					
Certificates of deposit	1,985,000	1,985,000	---	---	---
Money market	224,348	224,348	---	---	---
Total	\$ 6,088,436	\$ 5,230,173	\$ 858,263	\$ ---	\$ ---

Credit Risk: Generally, credit risk is the risk that an issuer of a type of investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. The District's policy is that all investment transactions shall be planned to avoid loss of capital from credit risk. As of June 30, 2020, the District's investment in WISC investment series and cash management series were rated at AAAM.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

2. Cash and Investments (continued)

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

The following summarizes the classification of investments in accordance with requirements of accounting principles generally accepted in the United States of America for the period ending June 30, 2020:

	Fair Value			Exempt from Disclosure	Total
	Level 1	Level 2	Level 3		
Investment Pools:					
Mid-America (Annuity)	\$ ---	\$ 858,263	\$ ---	\$ ---	\$ 858,263
WISC	---	---	---	3,020,825	3,020,825
American Deposit Management:					
Certificates of deposit	---	---	---	1,985,000	1,985,000
Money market	224,348	---	---	---	224,348
Total	\$ 224,348	\$ 858,263	\$ ---	\$ 5,005,825	\$ 6,088,436

WISC is exempt from fair value disclosure due to investments being valued at amortized cost. Certificates of deposit are exempt from fair value disclosure due to investments being valued at cost plus accrued interest earned.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

The District has adopted an investment policy which permits all investments allowed under the state statutes as described above.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

3. Short-Term Notes Payable

Short-term notes payable at June 30, 2020 are as follows:

<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>
\$ 1,900,000	\$ 5,650,000	\$ 5,150,000	\$ 2,400,000

The following taxable revolving line of credit was outstanding at June 30, 2020:

<u>Issuer</u>	<u>Amount</u>	<u>Issue date</u>	<u>Due date</u>	<u>Interest rate</u>
Premier Bank	\$ 2,400,000	9/23/19	11/1/20	2.23%

Interest for the year ended June 30, 2020 was \$11,343. The notes are for general District operation. As collateral, the District has pledged taxes for operation and maintenance levied and other available current fiscal year revenues, including state aids, sufficient to pay the taxable revolving line of credit together with any interest. Subsequent to year end, the line was paid off and new line in the amount of \$2,500,000 was entered into at an interest rate of 0.74% and a maturity date of October 19, 2021.

4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Balance</u> <u>July 1,</u> <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30,</u> <u>2020</u>
Capital assets not being depreciated:					
Land	\$ 173,972	\$ ---	\$ ---	\$ ---	\$ 173,972
Construction in progress	118,568	68,500	---	(118,568)	68,500
Total capital assets not being depreciated	292,540	68,500	---	(118,568)	242,472
Capital assets being depreciated:					
Buildings	59,635,410	396,413	---	118,568	60,150,391
Equipment	2,475,677	68,258	505,303	---	2,038,632
Total capital assets being depreciated	62,111,087	464,671	505,303	118,568	62,189,023
Less accumulated depreciation	19,903,885	1,174,611	505,303	---	20,573,193
Total capital assets being depreciated, net of accumulated depreciation	42,207,202	(709,940)	---	118,568	41,615,830
Governmental activities capital assets, net of accumulated depreciation	\$ 42,499,742	\$ (641,440)	\$ ---	\$ ---	\$ 41,858,302

Depreciation of \$519,391 was expensed to operation and maintenance of plant; \$4,922 was expensed to other instruction. Depreciation of \$650,298 was expensed to unallocated depreciation for the Government activities on the statement of activities.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

5. Long-Term Liabilities

Long-term liabilities of the District are as follows:

	<u>Balance 7/1/2019</u>		<u>Additions</u>		<u>Reductions</u>		<u>Balance 6/30/2020</u>	<u>Amounts Due Within One Year</u>
General obligation debt								
G.O. Bonds and Notes	\$ 24,130,000	\$	---	\$	(1,220,000)	\$	22,910,000	\$ 1,310,000
Capital Leases	12,332		---		(12,332)		---	---
Compensated absences	48,683		31,835		---		80,518	---
Total long-term liabilities	<u>\$ 24,191,015</u>	<u>\$</u>	<u>31,835</u>	<u>\$</u>	<u>(1,232,332)</u>	<u>\$</u>	<u>22,990,518</u>	<u>\$ 1,310,000</u>

Total interest paid and expensed (including accrual) during the year for the year ended June 30, 2020 on long-term debt was \$833,873 and \$818,203, respectively.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund.

General obligation debt at June 30, 2020 is comprised of the following individual issues:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Issued Amount</u>	<u>Balance 06/30/2020</u>
Taxable G.O. Refunding Notes	03/17/14	0.00%	03/17/24	2,145,000	2,145,000
G.O. Bond	04/03/17	3.125% - 5.00%	04/01/37	<u>23,500,000</u>	<u>20,765,000</u>
				<u>\$ 28,380,000</u>	<u>\$ 22,910,000</u>

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,466,486,323. The legal debt limit and margin of indebtedness as of June 30, 2020, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (10% of \$1,466,486,323)	\$ 146,648,632
Deduct long-term debt applicable to debt margin	<u>22,910,000</u>
Margin of indebtedness	<u>\$ 123,738,632</u>

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

5. Long-Term Liabilities (continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest on June 30, 2020 follow:

<u>Year Ended June 30,</u>	<u>G.O. Debt Principal</u>	<u>G.O. Debt Interest</u>	<u>Total</u>
2021	\$ 1,310,000	\$ 759,001	\$ 2,069,001
2022	1,335,000	723,626	2,058,626
2023	1,375,000	686,626	2,061,626
2024	990,000	654,376	1,644,376
2025	1,080,000	616,126	1,696,126
2026-2030	6,210,000	2,277,830	8,487,830
2031-2035	7,325,000	1,160,241	8,485,241
2036-2037	3,285,000	111,796	3,396,796
	<u>\$ 22,910,000</u>	<u>\$ 6,989,622</u>	<u>\$ 29,899,622</u>

Premiums, Discounts, and Gains and Losses on Refundings

Premiums on issuance and gains and losses on refundings are recognized in the year in which they occur in the fund financial statements, but deferred and amortized using the straight-line method over the life of the debt issue in the government-wide statements.

Activity for the year ended June 30, 2020 is summarized as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Amortization Expense (Benefit)</u>	<u>Balance June 30, 2020</u>
Premiums on issuance	\$ 867,722	\$ ---	\$ (48,657)	\$ 819,065

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

6. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Plan Description

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

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

Vesting

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

Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earning 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.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

6. Defined Benefit Pension Plan (continued)

Post-Retirement Adjustments

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

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

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

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 for general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$840,692 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
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%

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

6. Defined Benefit Pension Plan (continued)

Pension Assets, 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 \$2,591,197 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was .0804%, which was a decrease of 0.0001% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,031,824.

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	\$ 4,918,684	\$ 2,461,472
Changes in assumptions	201,922	---
Net difference between projected and actual earnings on pension plan investments	---	5,297,328
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,834	10,562
Employer contributions subsequent to the measurement date	458,407	---
Total	\$ 5,581,847	\$ 7,769,362

The amount of \$458,407, reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021.

Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 3,609,481	\$ (4,395,330)
2022	3,555,684	(4,144,142)
2023	2,840,594	(2,749,784)
2024	631,684	(1,994,109)

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

6. Defined Benefit Pension Plan (continued)

Actuarial Assumptions

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 21, 2017. The total pension asset for December 31, 2019 is based upon a roll-forward of the asset 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.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

6. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns			
As of December 31, 2019			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

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

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

6. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (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 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension (asset) liability	\$6,672,795	\$ (2,591,197)	\$ (9,517,097)

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

Payables to the pension plan at June 30, 2020 were \$216,642. This represents contributions earned as of June 30, 2020, but for which payment was not remitted to the pension plan until subsequent to year-end.

7. Fund Balances

As of June 30, 2020, fund balance components other than unassigned fund balances consisted of the following:

	<u>Restricted</u>	<u>Nonspendable (Prepaid expenditures)</u>	<u>Assigned</u>
General			
Prepaid expenses	\$ ---	\$ 158,881	\$ ---
Common School	22,080	---	---
Special Revenue Trust	571,752	6,262	---
Debt Service	5,974,949	---	---
Capital Projects	794,086	---	---
Food Service	489,220	5,335	---
Community Service	---	---	166,297
Total	\$ 7,852,087	\$ 170,478	\$ 166,297

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

8. Other Post-Employment Benefits

The District offers a premium-only health reimbursement arrangement (“HRA”) for employees who have met the age and years of service requirements. Teachers and support staff who are WRS eligible, at least age 55 with a minimum of 15 years of service in the District, and eligible for the District’s health insurance plan for a minimum of 15 years will, upon retirement, receive annual contributions for a maximum of 5 years to a premium-only health reimbursement arrangement (HRA). The contribution is \$12,000 during the year(s) the retiree is ineligible for Medicare, and \$5,000 during the year(s) the retiree is eligible for Medicare. If the retiree becomes eligible for Medicare during the year, the District’s annual contribution for that year will be prorated from the first of the month following Medicare eligibility. Administrative assistants and supervisors at least age 55 with a minimum of 15 years of service and eligible for the District’s health plan for a minimum of 15 years will, upon retirement, receive quarterly contributions into a premium-only HRA for a maximum of 5 years from the date of retirement. The District will contribute a total of \$65,000 into the HRA to be used for eligible premium expenses. Administrators at least age 55 with a minimum of 10 years of service and eligible for the District’s health insurance plan for a minimum of 10 years will receive, upon retirement, quarterly contributions into a premium-only HRA for a maximum of 5 years from the date of retirement. The District will contribute a total amount of \$105,000 into the HRA to be used for eligible premium expenses. The District will also continue to pay premiums for the life insurance policy provided to each Administrator at the time of his/her retirement for coverage 100% of salary. Such policy will be paid up to age 65 or expiration of the policy, whichever comes first. Coordinators at least age 55 with a minimum of 10 years of service and eligible for the district’s health insurance plan for a minimum of 10 years will receive, upon retirement, quarterly contributions into premium-only HRA for a maximum of five years from the date of retirement. The District will contribute a total amount of \$90,000 into the HRA to be used for eligible premium expenses.

The District’s group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. The result of this arrangement is an other post-employment benefit (OPEB), the latter commonly referred to as an implicit rate subsidy. The District has a high deductible health plan wherein four grandfathered retired employees receive an HRA benefit for reimbursement of a portion of the high deductible up to \$1,500 for single and \$3,000 for family coverage. These contributions were included in this OPEB valuation and were assumed not to increase in the future. Employees participating in the OPEB benefit consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees	42
Active employee fully eligible but not yet receiving benefits	32
Active employees not yet fully eligible	<u>207</u>
Number of participating employees	<u>281</u>

The net OPEB liability was measured as of June 30, 2019, and the calculation of the total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The assumed discount rate changed from 3.75% to 3.50% for the current reporting period based on a long-term expected rate of return. Benefit terms did not change between the valuation date and the measurement date.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

8. Other Post-Employment Benefits (continued)

Actuarial Assumptions

The major assumptions and methods used in the latest actuarial valuation follows:

Valuation date	6/30/2018
Measurement date	6/30/2019
Reporting date	6/30/2020
Actuarial cost method	Entry Age Normal - Level percent of salary
Actuarial assumptions:	
Medical care trend	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Discount rate*	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%)
Mortality assumptions	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)

*Implicit in this rate is an assumed rate of inflation of 2.50%.

Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was based upon a 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

Single Discount rate. A discount rate of 3.50% was used in calculating the District's OPEB liability (based upon all projected payments discounted at a long-term expected rate of return of 3.50%). This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Rate of Return

The annual money-weighted rate of return on plan investments, net of plan investment expense was 0.97%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

8. Other Post-Employment Benefits (continued)

Net OPEB Liability

The District's post-employment benefits trust is a trust set up by the District to accumulate funds for the payment of the District's other post-employment benefit liability relating to premium only medical insurance. The trust does not require any employee or employer contributions.

The District's total OPEB liability is based upon the actuarial assumptions and projections described herein as determined by the census, benefit and premium data provided by the District. The following table shows the components of the District's change in the net OPEB liability:

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance 6/30/19 - measurement date 6/30/18	\$ 3,770,210	\$ ---	\$ 3,770,210
Prior period adjustment	---	1,445,802	(1,445,802)
Benefit payments made in the prior fiscal year	(467,008)	(467,008)	---
Service cost	240,276	---	240,276
Differences between expected and actual	---	---	---
Changes of assumptions or other input	41,258	---	41,258
Net investment income	---	26,483	(26,483)
Interest	137,132	---	137,132
Contributions – Employer	---	836,681	(836,681)
Net changes	<u>(48,342)</u>	<u>1,841,958</u>	<u>(1,890,300)</u>
Balance 6/30/20 - measurement date 6/30/19	<u>\$ 3,721,868</u>	<u>\$ 1,841,958</u>	<u>\$ 1,879,910</u>

Sensitivity of the District's OPEB liability to changes in the discount rate. The following presents the District's OPEB liability calculated using the discount rate of 3.50 percent, as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	<u>1% Decrease to Discount Rate (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase to Discount Rate (4.50%)</u>
Total OPEB liability	\$ 3,890,264	\$ 3,721,868	\$ 3,558,996
Fiduciary Net Position	1,841,958	1,841,958	1,841,958
Net OPEB Liability	<u>\$ 2,048,306</u>	<u>\$ 1,879,910</u>	<u>\$ 1,717,038</u>

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

8. Other Post-Employment Benefits (continued)

Sensitivity of the District's OPEB liability to changes in Healthcare Cost Trend Rates. The following presents the District's OPEB liability calculated using the healthcare cost trend rates of 7.50 percent, as well as what the District's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease to Healthcare Cost Trend (6.5% Decreasing To 4.0%)	Current Healthcare Cost Trend (7.5% Decreasing To 5.0%)	1% Increase to Healthcare Cost Trend (8.5% Decreasing to 6.0%)
Total OPEB liability	\$ 3,713,807	\$ 3,721,868	\$ 3,731,257
Fiduciary Net Position	1,841,958	1,841,958	1,841,958
Net OPEB Liability	<u>\$ 1,871,849</u>	<u>\$ 1,879,910</u>	<u>\$ 1,889,299</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense (benefit) of \$(1,133,290). At June 30, 2020, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ---	\$ 22,271
Changes in assumptions	37,507	99,941
Net difference between projected and actual earnings on OPEB plan investments	27,733	---
Changes in proportion and differences between employer contributions and proportionate share of contributions	---	---
Employer contributions subsequent to the measurement date	728,000	---
Total	<u>\$ 793,240</u>	<u>\$ 122,212</u>

The amount of \$728,000 reported as deferred outflows related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2021	\$ (3,747)
2022	(3,747)
2023	(3,747)
2024	(3,746)
2025	(10,680)
Thereafter	(31,305)

Payable to the OPEB Plan

At June 30, 2020, \$139,491 was payable to the OPEB plan.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

9. Other Post-Employment Benefits (OPEB) – Local Retiree Life Insurance Fund

Plan description

The Local Retiree Life Insurance Fund (“LRLIF”) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (“ETF”) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

Benefits provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2020 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

9. Other Post-Employment Benefits (OPEB) – Local Retiree Life Insurance Fund (continued)

Contributions (continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$3,519 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – Local Retiree Life Insurance Fund

At June 30, 2020, the District reported a liability of \$829,058 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 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 OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was .1947%, which was an increase of .0134% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$94,934; and a PDF reserve transfer of \$25,203.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

9. Other Post-Employment Benefits (OPEB) – Local Retiree Life Insurance Fund (continued)

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	\$ ---	\$ 37,141
Net difference between projected and actual earnings on OPEB plan investments	15,639	---
Changes in assumptions	305,843	91,190
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,863	2,950
Total	\$ 357,345	\$ 131,281

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 63,567	\$ 25,245
2022	63,567	25,245
2023	61,881	25,245
2024	60,144	25,245
2025	54,306	24,342
Thereafter	53,880	5,959

Actuarial assumptions

The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

9. Other Post-Employment Benefits (OPEB) – Local Retiree Life Insurance Fund (continued)

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

Long-term expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Long-term expected Return on Plan Assets

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount rate

A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

9. Other Post-Employment Benefits (OPEB) – Local Retiree Life Insurance Fund (continued)

Single Discount Rate (continued)

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 2.87 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase To Discount Rate (3.87%)
District's proportionate share of the net OPEB liability	\$ 1,144,790	\$ 829,058	\$ 588,847

10. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

On November 6, 2018 the District passed a referendum totaling \$12,800,000 over four years to exceed the revenue limit for maintaining targeted class sizes, maintaining student support and mental health services, maintaining comprehensive instructional and co-curricular programs, and maintaining technology, safety, and facilities infrastructure.

11. Risk Management

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

12. Commitments and Contingencies

From time to time, the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District's various insurance carriers, since most claims brought against the District are covered by insurance policies. In the opinion of District management, any legal actions and any other proceedings known to exist at June 30, 2020, are not likely to have a material adverse impact on the District's financial position.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Financial Statements
June 30, 2020
(Continued)

12. Commitments and Contingencies (continued)

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the District's operations and financial position cannot be determined.

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

13. Self-Funded Insurance Program

The District has a self-funded dental benefit plan for its employees. The Plan administrator, Delta Dental of Wisconsin ("administrator"), is responsible for the approval, processing, and payment of claims, after which it bills 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.

The District has no stop-loss for dental care coverage of the plan.

At June 30, 2020, the District has reported a liability of \$71,041, of which \$13,139 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, and \$57,902 represents premium equivalents. Changes in claims for the year ended June 30, 2020 are as follows:

Estimated claims outstanding – beginning of year	\$ 74,499
Current year claims and changes in estimates	218,517
Claim payments	<u>(221,975)</u>
Estimated claims outstanding – end of year	<u>\$ 71,041</u>

14. Effect of New Accounting Standards on Financial Statements

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

- GASB Statement No. 87, *Leases*
- GASB Statement No. 91, *Conduit debt obligations*
- GASB Statement No. 92, *Omnibus 2020*
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*
- GASB Statement No. 96, *Subscription Based Information Technology Arrangements*
- GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

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

15. Prior Period Adjustment

A prior period adjustment of \$438,892 was recorded to correct the deferred outflows of resources for OPEB. The adjustment increased the deferred outflows of resources for OPEB and net position.

REQUIRED SUPPLEMENTARY INFORMATION

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020

	<u>Fund 10 - Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local	\$ 13,096,311	\$ 13,108,000	\$ 13,108,873	\$ 873
Interdistrict payments within Wisconsin	488,167	488,167	488,094	(73)
Intermediate sources	---	8,000	8,056	56
State	11,315,127	11,338,100	11,324,751	(13,349)
Federal	570,170	659,000	645,495	(13,505)
Other	10,000	40,000	33,985	(6,015)
Total revenues	<u>25,479,775</u>	<u>25,641,267</u>	<u>25,609,254</u>	<u>(32,013)</u>
Expenditures:				
Instruction:				
Current	11,817,530	11,998,726	11,980,241	18,485
Interdistrict	1,392,291	1,407,891	1,405,750	2,141
Capital outlay	25,189	10,704	9,107	1,597
Support Services:				
Current	8,743,867	8,516,974	8,522,363	(5,389)
Capital outlay	307,092	299,593	299,298	295
Debt service	27,680	27,680	24,023	3,657
Total expenditures	<u>22,313,649</u>	<u>22,261,568</u>	<u>22,240,782</u>	<u>20,786</u>
Excess of revenues over expenditures	<u>3,166,126</u>	<u>3,379,699</u>	<u>3,368,472</u>	<u>(11,227)</u>
Other Financing Uses:				
Operating transfers out	(3,166,126)	(3,359,699)	(3,359,699)	---
Proceeds from sale of noncapital asset	---	30,000	41,227	11,227
Total other financing uses	<u>(3,166,126)</u>	<u>(3,329,699)</u>	<u>(3,318,472)</u>	<u>11,227</u>
Net change in fund balances	---	50,000	50,000	---
Fund Balances - Beginning of year	<u>5,169,132</u>	<u>5,169,132</u>	<u>5,169,132</u>	<u>---</u>
Fund Balances - End of year	<u>\$ 5,169,132</u>	<u>\$ 5,219,132</u>	<u>\$ 5,219,132</u>	<u>\$ ---</u>

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

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Budgetary Comparison Schedule
Special Education Fund
Year Ended June 30, 2020

	<u>Fund 27 - Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interdistrict payments within Wisconsin	\$ 10,000	\$ 10,000	\$ 14,612	\$ 4,612
Intermediate sources	---	---	50,829	50,829
State	745,000	770,000	786,166	16,166
Federal	585,471	585,471	456,476	(128,995)
Total revenues	<u>1,340,471</u>	<u>1,365,471</u>	<u>1,308,083</u>	<u>(57,388)</u>
Expenditures:				
Instruction:				
Current	3,501,300	3,618,789	3,542,228	76,561
Interdistrict	---	---	9,019	(9,019)
Support Services:				
Current	935,519	971,660	957,612	14,048
Capital outlay	---	---	24,202	(24,202)
Total expenditures	<u>4,436,819</u>	<u>4,590,449</u>	<u>4,533,061</u>	<u>57,388</u>
Deficiency of revenues under expenses	<u>(3,096,348)</u>	<u>(3,224,978)</u>	<u>(3,224,978)</u>	<u>---</u>
Other Financing Sources :				
Operating transfers in	3,096,348	3,224,978	3,224,978	---
Net change in fund balances	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Fund Balances - Beginning of year	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Fund Balances - End of year	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

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

WHITEWATER UNIFIED SCHOOL DISTRICT

Whitewater, Wisconsin

Schedule of Proportionate Share of the Net Pension Asset (Liability)

Year Ended June 30, 2020

Wisconsin Retirement System

Last 10 Fiscal Years*

WRS Fiscal Year-End	District's proportion of the net pension asset (liability)	District's proportionate share of the net pension asset (liability)	District's covered payroll	Net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension asset (liability)
12/31/2019	0.0804%	\$ 2,591,197	\$ 12,805,418	20.24%	102.96%
12/31/2018	0.0805%	(2,864,646)	12,329,393	23.23%	96.45%
12/31/2017	0.0803%	2,382,984	11,983,425	19.89%	102.93%
12/31/2016	0.0793%	(653,403)	11,658,088	5.60%	99.12%
12/31/2015	0.0791%	(1,285,292)	11,278,243	11.40%	98.20%
12/31/2014	0.0794%	1,949,957	10,892,777	17.90%	102.74%

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

GASB Pronouncement 68 requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

Schedule of Employer Contributions

Year Ended June 30, 2020

Wisconsin Retirement System

Last 10 Fiscal Years*

WRS Fiscal Year-End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
12/31/2019	\$ 840,692	\$ 840,692	\$ ---	\$ 12,805,418	6.57%
12/31/2018	826,071	826,071	---	12,329,393	6.70%
12/31/2017	815,224	815,224	---	11,983,425	6.80%
12/31/2016	769,438	769,438	---	11,658,088	6.60%
12/31/2015	766,919	766,919	---	11,278,243	6.80%
12/31/2014	762,497	762,497	---	10,892,777	7.00%

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

GASB Pronouncement 68 requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

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

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2020
Last 10 Fiscal Years*

<u>Total OPEB Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service Cost	\$ 240,276	\$ 244,806	\$ 261,754	\$ 261,754
Interest	137,132	134,044	120,530	125,056
Differences between expected and actual experiences	---	(27,221)	(84,386)	---
Changes in assumptions or other input	41,258	(47,138)	---	---
Benefit payments	<u>(467,008)</u>	<u>(483,396)</u>	<u>(471,175)</u>	<u>(604,160)</u>
Net change in total OPEB liability	(48,342)	(178,905)	(173,277)	(217,350)
Total OPEB liability - beginning	<u>3,770,210</u>	<u>3,949,115</u>	<u>4,122,392</u>	<u>4,339,742</u>
Total OPEB liability - ending	<u>\$ 3,721,868</u>	<u>\$ 3,770,210</u>	<u>\$ 3,949,115</u>	<u>\$ 4,122,392</u>
 <u>Fiduciary Net Position</u>				
Prior Year Adjustment	\$ 1,445,802	\$ ---	\$ ---	\$ ---
Contributions - employer	836,681	483,396	471,175	604,160
Net investment income	26,483	---	---	---
Benefit payments	<u>(467,008)</u>	<u>(483,396)</u>	<u>(471,175)</u>	<u>(604,160)</u>
Administrative expenses	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Net change in fiduciary net position	1,841,958	---	---	---
Fiduciary net position - beginning	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Fiduciary net position - ending	<u>\$ 1,841,958</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
 <u>Net OPEB Liability</u>	<u>\$ 1,879,910</u>	<u>\$ 3,770,210</u>	<u>\$ 3,949,115</u>	<u>\$ 4,122,392</u>
 Covered-employee payroll	\$ 11,792,081	\$ 11,792,081	\$ 11,257,921	\$ 11,257,921
 Total OPEB liability as a percentage of covered-employee payroll	31.56%	31.97%	35.08%	36.62%

*GASB Pronouncement 75 requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

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

WHITEWATER UNIFIED SCHOOL DISTRICT

Whitewater, Wisconsin

**Schedule of Employer Contributions - OPEB
Year Ended June 30, 2020**

<u>Year Ending</u>	<u>Actuarially Determined Contribution ("ADC")</u>	<u>Contributions in Relation to the ADC</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions Recognized by Plan as a % of Covered Employee Payroll</u>
6/30/2020	\$ 871,649	\$ 836,681	\$ 34,968	\$ 11,792,081	7.10%
6/30/2019	484,290	483,396	894	11,792,081	4.10%

Key methods and assumptions used to calculate ADC:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Market value	Market value
Amortization method	7 year level \$	25 year level \$
Discount rate	3.75%	3.75%
Inflation	2.50%	2.50%

*GASB Pronouncement 75 requires the presentation of the last ten prior fiscal years completed under this pronouncement. The trust was established in 2019 and therefore all data available is presented.

**Schedule of Investment Returns - OPEB
Year Ended June 30, 2020**

Annual money-weighted rate of return on demand deposits, net of investment expenses:

June 30, 2020	0.97%
June 30, 2019	0.30%

*GASB Pronouncement 75 requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

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

WHITEWATER UNIFIED SCHOOL DISTRICT

Whitewater, Wisconsin

Schedule of Proportionate Share of the Net OPEB Asset (Liability)-Local Retiree Life

Year Ended June 30, 2020

Local Retiree Life Insurance

Last 10 Fiscal Years*

ETF Fiscal Year-End	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered-employee payroll	Net OPEB asset (liability) as a percentage of covered-employee payroll	Plan fiduciary net position as a percentage of total OPEB asset (liability)
12/31/2019	0.1947%	\$ (829,058)	\$ 8,786,000	9.44%	37.58%
12/31/2018	0.1813%	(467,730)	8,120,000	5.76%	48.69%
12/31/2017	0.1804%	(542,775)	7,586,715	7.15%	44.81%

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

GASB Pronouncement 75 requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

Schedule of Employer Contributions - Local Retiree Life

Year Ended June 30, 2020

Local Retiree Life Insurance

Last 10 Fiscal Years*

ETF Fiscal Year-End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
12/31/2019	\$ 3,519	\$ 3,519	\$ ---	\$ 8,786,000	0.04%
12/31/2018	3,492	3,492	---	8,120,000	0.04%
12/31/2017	3,426	3,426	---	7,586,715	0.05%

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

GASB Pronouncement 75 requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

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

WHITEWATER UNIFIED SCHOOL DISTRICT

Whitewater, Wisconsin

Notes to Required Supplementary Information

Year Ended June 30, 2020

Note A. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.D to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with accounting principles generally accepted in the United States of America ("GAAP"). An explanation of the difference between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
	<u> </u>	<u> </u>
Revenues		
Actual amounts (budgetary basis)	\$ 25,609,254	\$ 1,308,083
Reclassification of special education	1,308,083	(1,308,083)
Total Revenues (GAAP)	<u>26,917,337</u>	<u>---</u>
Expenditures		
Actual amounts (budgetary basis)	22,240,782	4,533,061
Reclassification of special education	4,533,061	(4,533,061)
Total Expenditures (GAAP)	<u>26,773,843</u>	<u>---</u>
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	3,368,472	(3,224,978)
Reclassification of special education	(3,224,978)	3,224,978
Excess of Revenues Over (Under) Expenditures (GAAP)	<u>143,494</u>	<u>---</u>
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(3,318,472)	3,224,978
Reclassification of special education	3,224,978	(3,224,978)
Total Other Financing Sources (Uses) (GAAP)	<u>(93,494)</u>	<u>---</u>
Net Change in Fund Balance		
Actual amounts (budgetary basis) (GAAP)	<u>50,000</u>	<u>---</u>
Fund Balance - Beginning of Year		
Actual amounts (budgetary basis) (GAAP)	<u>5,169,132</u>	<u>---</u>
Fund Balance - End of Year		
Actual amounts (budgetary basis) (GAAP)	<u>\$ 5,219,132</u>	<u>\$ ---</u>

Whitewater Unified School District
Whitewater, Wisconsin

Notes to Required Supplementary Information
June 30, 2020
(Continued)

Note B - Excess of Actual Expenditures Over Budget in Individual Funds

The following general fund functions had an excess of actual expenditures over budget for the year ended June 30, 2020.

Fund 10:	
Other special needs	\$ 6,951
Other non-program transactions	29,753
Fund 27:	
Central services	\$ 423
Other non-program transactions	16,110

The excess expenditures were funded by larger than anticipated revenues and expenditures under budget in other areas.

Note C – WRS Information

Changes of benefit terms: There were no changes of benefit terms for any participating employee in the WRS.

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

Note D – Other Post-Employment Benefit Plan Information

A discount rate of 3.50% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 3.50%) as opposed to 3.75% at the previous valuation date. This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date. All other assumptions and methods remained unchanged. Methods and assumptions used in calculating net OPEB liability include:

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2019
Reporting Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal (level percent of salary)
Medical care trend	7.50% decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Discount Rate*:	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%)
Mortality Assumptions	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)

Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System experience from 2012-2014.

*Implicit in this rate is an assumed rate of inflation of 2.50%.

Whitewater Unified School District
Whitewater, Wisconsin

Notes to Required Supplementary Information

June 30, 2020

(Continued)

Note E – OPEB – Life Insurance

Changes of benefit terms: There were no changes of benefit terms for any participating employer in the LRLIF.

Changes of assumptions: Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section on page 47 for additional details.

OTHER SUPPLEMENTARY INFORMATION

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds					
	Special Revenue Trust	Food Service	Package- Cooperative	Community Service	Capital Projects	Total
ASSETS						
Cash and equivalents	\$ 562,086	\$ 472,695	\$ 8,250	\$ 229,297	\$ 561,723	\$ 1,834,051
Investments	---	---	---	---	74,751	74,751
Accounts receivable	18,811	2,250	---	1,000	---	22,061
Due from other funds	---	---	---	---	226,522	226,522
Due from other governments	---	99,349	16,750	---	---	116,099
Prepaid expenditures	6,262	5,335	---	---	---	11,597
Total assets	\$ 587,159	\$ 579,629	\$ 25,000	\$ 230,297	\$ 862,996	\$ 2,285,081
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 9,145	\$ 9,848	\$ ---	\$ ---	\$ 68,500	\$ 87,493
Withholdings and fringes payable	---	9,432	---	---	---	9,432
Accrued payroll	---	27,510	---	---	---	27,510
Due to other funds	---	---	25,000	---	410	25,410
Due to employee benefit trust fund	---	14,000	---	---	---	14,000
Due to other governments	---	1,330	---	64,000	---	65,330
Unearned revenues	---	22,954	---	---	---	22,954
Total liabilities	9,145	85,074	25,000	64,000	68,910	252,129
Fund Balances						
Nonspendable	6,262	5,335	---	---	---	11,597
Restricted	571,752	489,220	---	---	794,086	1,855,058
Assigned	---	---	---	166,297	---	166,297
Total fund balances	578,014	494,555	---	166,297	794,086	2,032,952
Total liabilities and fund balances	\$ 587,159	\$ 579,629	\$ 25,000	\$ 230,297	\$ 862,996	\$ 2,285,081

See independent auditors' report.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	<u>Special Revenue Funds</u>					<u>Total</u>
	<u>Special Revenue Trust</u>	<u>Food Service</u>	<u>Package- Cooperative</u>	<u>Community Service</u>	<u>Capital Projects</u>	
Revenues:						
Local	\$ 329,654	\$ 279,105	\$ ---	\$ 216,456	\$ 161,337	\$ 986,552
State	---	15,576	16,750	---	---	32,326
Federal	---	834,965	---	---	---	834,965
Other	---	1,696	---	---	---	1,696
Total revenues	<u>329,654</u>	<u>1,131,342</u>	<u>16,750</u>	<u>216,456</u>	<u>161,337</u>	<u>1,855,539</u>
Expenditures:						
Instruction:						
Current	241,301	---	---	---	85,478	326,779
Support Services:						
Current	44,169	993,836	16,750	204,246	---	1,259,001
Capital outlay	---	---	---	---	200,564	200,564
Total expenditures	<u>285,470</u>	<u>993,836</u>	<u>16,750</u>	<u>204,246</u>	<u>286,042</u>	<u>1,786,344</u>
Excess (Deficiency) of revenues over expenditures	<u>44,184</u>	<u>137,506</u>	<u>---</u>	<u>12,210</u>	<u>(124,705)</u>	<u>69,195</u>
Other Financing Sources:						
Operating transfers in	---	---	---	---	64,943	64,943
Net change in fund balances	<u>44,184</u>	<u>137,506</u>	<u>---</u>	<u>12,210</u>	<u>(59,762)</u>	<u>134,138</u>
Fund Balances - Beginning of year	420,245	357,049	---	154,087	853,848	1,785,229
Change in accounting principle	113,585	---	---	---	---	113,585
Fund Balances - Beginning of year, as adjusted	<u>533,830</u>	<u>357,049</u>	<u>---</u>	<u>154,087</u>	<u>853,848</u>	<u>1,898,814</u>
Fund Balances - End of year	<u>\$ 578,014</u>	<u>\$ 494,555</u>	<u>\$ ---</u>	<u>\$ 166,297</u>	<u>\$ 794,086</u>	<u>\$ 2,032,952</u>

See independent auditors' report.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Schedule of Expenditures of State Awards
Year Ended June 30, 2020

Awarding Agency Pass-Through Agency Award Description	Pass through Entity Identifying Number	State I.D. Number	Accrued or (Unearned) Revenue at 7/1/19	Receipts	Expended	Accrued or (Unearned) Revenue at 6/30/20	Subrecipient
Wisconsin Department of Public Instruction							
Special Education and School-Age Parents *	646461-100	255.101	\$ ---	\$ 705,770	\$ 705,770	\$ ---	\$ ---
State School Lunch Aid	646461-107	255.102	---	10,057	10,057	---	---
Common School Fund Library Aid	646461-104	255.103	---	80,749	58,669	(22,080)	---
Bilingual/Bicultural Aid	646461-111	255.106	---	43,296	43,296	---	---
Pupil Transportation	646461-102	255.107	---	42,313	42,313	---	---
Equalization Aids	646461-116	255.201	135,252	8,208,037	8,222,824	150,039	---
High Cost of Special Education Aid	646461-119	255.210	---	41,194	41,194	---	---
Supplemental Per Pupil Aid	646461-181	255.245	---	6,687	6,687	---	---
Transition Readiness	646461-174	255.257	---	---	24,202	24,202	---
School Based Mental Health Services	646461-177	255.297	31,835	31,835	---	---	---
Peer Review and Mentoring	646461-141	255.301	24,277	24,277	16,750	16,750	8,375
AODA - Program Grants	646461-142	255.321	667	667	---	---	---
School Breakfast Program	646461-108	255.344	---	5,520	5,520	---	---
Early College Credit Program	646461-178	255.445	---	1,143	1,143	---	---
SAGE	646461-160	255.504	---	262,685	262,685	---	---
Educator Effectiveness Evaluation System Grant	646461-154	255.940	---	13,440	13,440	---	---
Per Pupil Aid	646461-113	255.945	---	1,478,064	1,478,064	---	---
Career and Technical Education Incentive Grants	646461-152	255.950	---	13,392	13,392	---	---
Assessments of Reading Readiness	646461-166	255.956	---	4,653	4,653	---	---
Special Education Incentive	646461-168	255.960	---	15,000	15,000	---	---
Robotics League Participation Grant	646461-167	255.959	---	4,359	4,359	---	---
Total Wisconsin Department of Public Instruction			192,031	10,993,138	10,970,018	168,911	8,375
Wisconsin Department of Justice							
School Safety Grant	N/A	455.206	99,922	99,922	22,377	22,377	---
Total			\$ 291,953	\$ 11,093,060	\$ 10,992,395	\$ 191,288	\$ 8,375

* Total DPI aidable expenditures for the year ended June 30, 2020 were \$3,739,814

See independent auditors' report and notes to Schedules of Expenditures of Federal and State Awards.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Awarding Agency Pass-Through Agency Award Description	Identifying Number of Pass-through Entity	Federal Catalog Number	Accrued or (Unearned) Revenue at		Accrued or (Unearned) Revenue at		Subrecipient
			7/1/19	Receipts	Expended	6/30/20	
U.S. Department of Agriculture							
Passed through Wisconsin Department of Public Instruction:							
<i>Child Nutrition Cluster:</i>							
Donated Commodities - noncash	N/A	10.555	\$ ---	73,999	\$ 73,999	\$ ---	\$ ---
Food Service Aid - Lunch	2020-646461-DPI-NSL-547	10.555	---	269,893	269,893	---	---
Food Service Aid - Lunch - COVID-19	2020-646461-DPI-NSL-547	10.555	---	24,194	24,194	---	---
Subtotal for National School Lunch Program			---	368,086	368,086	---	---
Food Service Aid - Breakfast	2020-646461-DPI-SB-546	10.553	---	6,137	6,137	---	---
Food Service Aid - Breakfast - Severe	2020-646461-DPI-SB-SEVERE-546	10.553	---	73,560	73,560	---	---
Food Service Aid - Breakfast - COVID-19	2020-646461-DPI-SB-546	10.553	---	646	646	---	---
Food Service Aid - Breakfast - Severe - COVID-19	2020-646461-DPI-SB-SEVERE-546	10.553	---	6,549	6,549	---	---
Subtotal for Food Service Aid - Breakfast			---	86,892	86,892	---	---
Food Service Aid - Milk	2020-646461-DPI-SMP-548	10.556	---	1,331	1,331	---	---
Summer Food Service Program	2020-646461-DPI-SFSP-566	10.559	---	25,341	25,341	---	---
Summer Food Service Program - COVID-19	2020-646461-DPI-SFSP-566	10.559	---	253,965	353,314	99,349	---
Subtotal for Summer Food Service Program			---	279,306	378,655	99,349	---
Subtotal for Child Nutrition Cluster			---	735,615	834,964	99,349	---
Total U.S. Department of Agriculture			---	735,615	834,964	99,349	---
U.S. Department of Education							
Passed through Wisconsin Department of Public Instruction:							
<i>Special Education Cluster:</i>							
IDEA-CEIS	2020-646461-DPI-IDEA-F-341	84.027	---	---	35,987	35,987	---
IDEA Flow Through	2020-646461-DPI-IDEA-F-341	84.027	350,377	460,049	292,483	182,811	---
Subtotal for Special Education Grants to States			350,377	460,049	328,470	218,798	---
IDEA Preschool Entitlement	2020-646461-DPI-IDEA-P-347	84.173	6,604	6,604	6,443	6,443	---
Total Special Education Cluster			356,981	466,653	334,913	225,241	---
ESEA Title I-A Basic	2020-646461-TIA-141	84.010	148,874	235,234	327,192	240,832	---
ESEA Title III-A - ELA discretionary Public	2020-646461-DPI-T3 -391	84.365	29,561	29,561	39,794	39,794	---
ESEA Title II-A Teacher Principal Training	2020-646461-TIIA-365	84.367	3,416	3,416	67,151	67,151	---
ESEA Title IV - Student Support and Academic Enrichment	2020-646461-TIVA - DPI-381	84.424	112	112	30,889	30,889	---
Passed through Central High School District of Westosha: Carl Perkins Grant	2020-305054-CTE-400	84.048	10,844	10,844	8,634	8,634	---
Total U.S. Department of Education			549,788	745,820	808,573	612,541	---
U.S. Department of Health and Human Services							
Passed through State of Wisconsin:							
<i>Medicaid Cluster:</i>							
Medical Assistance Program	44222500	93.778	56,246	358,278	302,032	---	---
Total Medicaid Cluster and U.S. Department of Health and Human Services			56,246	358,278	302,032	---	---
Total			\$ 606,034	\$ 1,839,713	\$ 1,945,569	\$ 711,890	\$ ---

See independent auditors' report and notes to Schedules of Expenditures of Federal and State Awards.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Notes to Schedules of Expenditures of Federal and State Awards
June 30, 2020

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Wisconsin State Single Audit Guidelines*, issued by the Wisconsin Department of Public Instruction. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance and *Wisconsin State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

The District did not use the 10% de minimis indirect cost rate.

4. Noncash Awards

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Public Instruction and transactions relating to this program are included in the District's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2020.

5. Subsequent Events

Subsequent to year-end, the United States Department of Agriculture extended the Summer Food Service Program and the National School Lunch Program Seamless Summer Option to operate through June 30, 2021 which:

- Allows meals to be served in all areas and at no cost
- Permits meals to be served outside of the typically required group setting and mealtimes
- Waives meal pattern requirements as necessary
- Allows parents and guardians to pick-up meals for their children



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

To the School Board
Whitewater Unified School District
Whitewater, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Whitewater Unified School District (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 November 24, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Reilly, Penner & Benton LLP

November 24, 2020
Milwaukee, Wisconsin



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

To the School Board
Whitewater Unified School District
Whitewater, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Whitewater Unified School District's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *Wisconsin State Single Audit Guidelines* 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 auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Wisconsin State Single Audit Guidelines*. Those standards and *Uniform Guidance* and *Wisconsin 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 Whitewater Unified School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Whitewater Unified School 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 and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and *Wisconsin 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 Whitewater Unified School 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 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. 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 *Wisconsin State Single Audit Guidelines*. Accordingly, this report is not suitable for other purposes.



November 24, 2020
Milwaukee, Wisconsin

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

There were no prior audit findings.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified? | None Reported |
| 3. Noncompliance material to financial statements? | No |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified? | None Reported |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major programs: | |

CFDA Number(s)

Name of Federal Program or Cluster

Child Nutrition Cluster

10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Donated Commodities
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children

Medicaid Cluster

93.778	Medical Assistance Program
--------	----------------------------

- | | |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020
(Continued)

Section I - Summary of Auditors' Results (continued)

State Awards

10. Internal control over major programs:

- | | |
|--|---------------|
| A. Material weakness identified? | No |
| B. Significant deficiency(ies) identified? | None reported |

11. Type of auditors' report issued on compliance for major programs: Unmodified

12. Any audit findings disclosed that are required to be reported in accordance with *Wisconsin State Single Audit Guidelines*? No

13. Dollar threshold used to distinguish Type A and Type B programs \$250,000

13. Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.201	Equalization Aid
255.504	SAGE

Section II – Financial Statement Findings

None.

WHITEWATER UNIFIED SCHOOL DISTRICT
Whitewater, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020
(Continued)

Section III - Federal and State Award Findings and Questioned Costs

None.

Section IV - Other Issues

1. Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

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

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



Carrie Gindt

5. Date of Report

November 24, 2020