

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Annual Financial Report

June 30, 2020

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Education
Wrightstown Community School District
Wrightstown, 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 Wrightstown Community 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wrightstown Community School 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.

To the Board of Education
Wrightstown Community School District

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System – cost-sharing plan, schedules of employer's proportionate share of the OPEB liability and employer contributions – local retiree life insurance fund – cost-sharing plan, schedule of changes in total OPEB liability and related ratios – other post-employment benefits – single-employer plan, schedule of changes in total pension liability and related ratios – supplemental pension plan, and schedule of revenues, expenditures and change in fund balance - budget and actual - general fund on pages 39 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wrightstown Community School District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by *Wisconsin State Single Audit Guidelines* and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction and is not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 1, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wrightstown Community School District's internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Shawano, Wisconsin
Certified Public Accountants
December 1, 2020

FINANCIAL STATEMENTS

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

District-Wide Statement of Net Position

As of June 30, 2020

	Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 34,841,196
Receivables:	
Taxes	1,610,770
Accounts	1,865
Due from State Government	233,282
Due from Federal Government	47,489
Due from Other Governments	2,983
Total Current Assets	36,737,585
Noncurrent Assets	
Net Pension Asset	1,496,742
Land	447,800
Site Improvements	1,681,147
Buildings and Building Improvements	22,405,988
Furniture and Equipment	1,451,294
Less: Accumulated Depreciation	(10,770,454)
Total Noncurrent Assets	16,712,517
TOTAL ASSETS	53,450,102
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	3,265,936
Deferred Outflows of Resources Related to Supplemental Pension	1,513
Deferred Outflows of Resources Related to Health Insurance Post-Employment Benefits - Single-Employer Plan	98,972
Deferred Outflows of Resources Related to Local Retiree Life Insurance Fund - Cost-Sharing Plan	113,537
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,479,958
LIABILITIES	
Current Liabilities	
Accounts Payable	389,488
Accrued Liabilities:	
Payroll, Payroll Taxes, Insurance	48,398
Interest	8,311
Unearned Revenues	56,121
Due to Other Districts	16,000
Current Portion of Long-Term Obligations	3,081,262
Total Current Liabilities	3,599,580
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Obligations	26,797,843
TOTAL LIABILITIES	30,397,423
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pension	4,497,289
Deferred Inflows of Resources Related to Supplemental Pension	95,543
Deferred Inflows of Resources Related to Health Insurance Post-Employment Benefits - Single-Employer Plan	229,128
Deferred Inflows of Resources Related to Local Retiree Life Insurance Fund - Cost-Sharing Plan	44,853
TOTAL DEFERRED INFLOWS OF RESOURCES	4,866,813
NET POSITION	
Net Investment in Capital Assets	15,333,695
Restricted for:	
Donor Intentions	311,656
Debt Service	372,942
Food Service	115,474
Pension - Wisconsin Retirement System	265,389
Unrestricted	5,266,668
TOTAL NET POSITION	\$ 21,665,824

See Accompanying Notes

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
 District-Wide Statement of Activities
 For the Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular Instruction	\$ 5,781,702	\$ 546,500	\$ 161,644	\$ (5,073,558)
Vocational Instruction	683,648	-	-	(683,648)
Physical Instruction	365,060	-	-	(365,060)
Special Instruction	1,035,858	-	308,756	(727,102)
Other Instruction	889,201	54,375	-	(834,826)
Total Instruction	8,755,469	600,875	470,400	(7,684,194)
Support Services				
Pupil Services	726,764	1,966	72,561	(652,237)
Instructional Staff Services	790,849	-	-	(790,849)
General Administration Services	228,876	-	-	(228,876)
School Building Administration Services	750,661	-	-	(750,661)
Business Administration Services	241,856	-	-	(241,856)
Operations and Maintenance	1,242,236	-	357,760	(884,476)
Pupil Transportation	557,953	-	48,604	(509,349)
Food Service Operations	668,279	286,403	330,624	(51,252)
Central Services	57,995	-	-	(57,995)
Insurance	81,541	-	-	(81,541)
Interest and Fiscal Charges	31,872	-	-	(31,872)
Other Support Services	639,942	898	-	(639,044)
Depreciation - Unallocated	539,949	-	-	(539,949)
Total Support Services	6,558,773	289,267	809,549	(5,459,957)
Community Services	95,342	27,916	-	(67,426)
Non-Program Transactions				
Open Enrollment	575,722	-	-	(575,722)
Other Non-Program Transactions	339,942	-	-	(339,942)
Total Non-Program Transactions	915,664	-	-	(915,664)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 16,325,248	\$ 918,058	\$ 1,279,949	(14,127,241)
GENERAL REVENUES				
Property Taxes:				
General Purposes				4,721,012
Debt Service				1,398,872
Community Services				225,000
State and Federal Aids not Restricted to Specific Functions:				
Equalization Aid				8,108,951
Per Pupil Aid				979,440
Exempt Computer Aid				55,110
Interest and Investment Earnings				70,976
Miscellaneous				398,454
Total General Revenues				15,957,815
CHANGE IN NET POSITION				1,830,574
NET POSITION - BEGINNING OF YEAR - RESTATED				19,835,250
NET POSITION - END OF YEAR				\$ 21,665,824

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
As of June 30, 2020

	<u>General Fund</u>	<u>Capital Projects</u>
ASSETS		
Cash and Investments	\$ 4,882,793	\$ 28,706,884
Taxes Receivable	1,610,770	-
Accounts Receivable	1,865	-
Due from State Government	233,282	-
Due from Federal Government	10,137	-
Due from Other Governments	2,983	-
TOTAL ASSETS	<u>\$ 6,741,830</u>	<u>\$ 28,706,884</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 382,333	\$ -
Accrued Liabilities:		
Payroll, Payroll Taxes, Insurance	48,398	-
Unearned Revenues	-	-
Due to Other Districts	16,000	-
Total Liabilities	<u>446,731</u>	<u>-</u>
Fund Balances		
Restricted:		
Donor Intentions	-	-
Capital Projects	-	28,706,884
Debt Service	-	-
Food Service	-	-
Committed:		
Community Service	-	-
Unassigned	6,295,099	-
Total Fund Balances	<u>6,295,099</u>	<u>28,706,884</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,741,830</u>	<u>\$ 28,706,884</u>

Food Service	Other Governmental Funds	Total Governmental Funds
\$ 140,250	\$ 1,111,269	\$ 34,841,196
-	-	1,610,770
-	-	1,865
-	-	233,282
37,352	-	47,489
-	-	2,983
<u>\$ 177,602</u>	<u>\$ 1,111,269</u>	<u>\$ 36,737,585</u>

\$ 6,007	\$ 1,148	\$ 389,488
-	-	48,398
56,121	-	56,121
-	-	16,000
<u>62,128</u>	<u>1,148</u>	<u>510,007</u>

-	311,656	311,656
-	111,036	28,817,920
-	372,942	372,942
115,474	-	115,474
-	314,487	314,487
-	-	6,295,099
<u>115,474</u>	<u>1,110,121</u>	<u>36,227,578</u>
<u>\$ 177,602</u>	<u>\$ 1,111,269</u>	<u>\$ 36,737,585</u>

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2020

Total Fund Balances - Governmental Funds \$ 36,227,578

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

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

Capital Assets	25,986,229	
Accumulated Depreciation	<u>(10,770,454)</u>	15,215,775

The net pension asset is not receivable in the current period therefore not reported in the fund financial statements		1,496,742
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Deferred outflows and inflows of resources are a consumption or acquisition of net position that applies to future periods and will not be recognized as an outflow or inflow of resources until then. Deferred outflows and inflows are reported in the statement of net position and are not reported in the fund balance sheet.

Deferred Outflows of Resources Related to Pension	3,265,936	
Deferred Inflows of Resources Related to Pension	(4,497,289)	
Deferred Outflows of Resources Related to Supplemental Pension	1,513	
Deferred Inflows of Resources Related to Supplemental Pension	(95,543)	
Deferred Outflows of Resources Related to Other Postemployment Benefits		
Health Insurance Post-Employment Benefits - Single-Employer Plan	98,972	
Local Retiree Life Insurance Fund - Cost-Sharing Plan	113,537	
Deferred Inflows of Resources Related to Other Postemployment Benefits		
Health Insurance Post-Employment Benefits - Single-Employer Plan	(229,128)	
Local Retiree Life Insurance Fund - Cost-Sharing Plan	<u>(44,853)</u>	(1,386,855)

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

Long-Term Debt	(28,700,000)	
Accrued Interest on Bond Anticipation Notes	(8,311)	
Net OPEB Liability - Health Insurance Post-Employment Benefits - Single-Employer Plan	(764,958)	
Net OPEB Liability - Local Retiree Life Insurance Fund - Cost-Sharing Plan	(269,165)	
Supplemental Pension	(83,299)	
Compensated Absences	<u>(61,683)</u>	<u>(29,887,416)</u>

Total Net Position - Governmental Activities \$ 21,665,824

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Food Service</u>
REVENUES			
Property Taxes	\$ 4,721,012	\$ -	\$ -
Other Local Sources	134,085	-	292,403
Interdistrict Sources	541,070	-	-
Intermediate Sources	6,514	-	-
State Sources	9,643,983	-	7,733
Federal Sources	429,061	-	322,891
Other Sources	36,209	12,776	-
Total Revenues	<u>15,511,934</u>	<u>12,776</u>	<u>623,027</u>
EXPENDITURES			
Instruction			
Regular Instruction	5,752,164	-	-
Vocational Instruction	683,648	-	-
Physical Instruction	365,060	-	-
Special Instruction	1,035,858	-	-
Other Instruction	572,930	-	-
Total Instruction	<u>8,409,660</u>	<u>-</u>	<u>-</u>
Support Services			
Pupil Services	727,629	-	-
Instructional Staff Services	790,849	-	-
General Administration Services	228,876	-	-
School Building Administration Services	750,661	-	-
Business Administration Services	241,856	-	-
Operations and Maintenance	1,703,001	77,872	-
Pupil Transportation	557,953	-	-
Food Service Operations	-	-	668,280
Central Services	57,995	-	-
Insurance	81,541	-	-
Principal and Interest	-	-	-
Bond Issuance Costs	-	-	-
Community Services	-	-	-
Other Support Services	682,274	-	-
Total Support Services	<u>5,822,635</u>	<u>77,872</u>	<u>668,280</u>
Non-Program Transactions			
Open Enrollment	575,722	-	-
Other Non-Program Transactions	339,942	-	-
Total Non-Program Transactions	<u>915,664</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>15,147,959</u>	<u>77,872</u>	<u>668,280</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>363,975</u>	<u>(65,096)</u>	<u>(45,253)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of Bond Anticipation Note	-	28,700,000	-
Transfer to Capital Projects Fund	(50,000)	-	-
Transfer to Capital Improvement Trust Fund	(50,000)	-	-
Transfer to Debt Service Fund	-	(360,060)	-
Transfer from General Fund	-	-	50,000
Transfer from Capital Projects Fund	-	-	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>28,339,940</u>	<u>50,000</u>
NET CHANGES IN FUND BALANCES	263,975	28,274,844	4,747
FUND BALANCES - BEGINNING OF YEAR, RESTATED	<u>6,031,124</u>	<u>432,040</u>	<u>110,727</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,295,099</u>	<u>\$ 28,706,884</u>	<u>\$ 115,474</u>

See Accompanying Notes

Other Governmental Funds	Total Governmental Funds
\$ 1,619,950	\$ 6,340,962
30,374	456,862
-	541,070
-	6,514
-	9,651,716
-	751,952
357,760	406,745
<u>2,008,084</u>	<u>18,155,821</u>
-	5,752,164
-	683,648
-	365,060
-	1,035,858
316,270	889,200
<u>316,270</u>	<u>8,725,930</u>
-	727,629
-	790,849
-	228,876
-	750,661
-	241,856
-	1,780,873
-	557,953
-	668,280
-	57,995
-	81,541
1,414,761	1,414,761
475	475
95,342	95,342
-	682,274
<u>1,510,578</u>	<u>8,079,365</u>
-	575,722
-	339,942
-	915,664
<u>1,826,848</u>	<u>17,720,959</u>
<u>181,236</u>	<u>434,862</u>
-	28,700,000
-	(50,000)
-	(50,000)
-	(360,060)
50,000	100,000
360,060	360,060
<u>410,060</u>	<u>28,700,000</u>
591,296	29,134,862
<u>518,825</u>	<u>7,092,716</u>
<u>\$ 1,110,121</u>	<u>\$ 36,227,578</u>

See Accompanying Notes

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds to the District-Wide Statement of Activities
 For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds		\$ 29,134,862
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	580,969	
Depreciation expense reported in the statement of activities	<u>(539,949)</u>	
Amount by which capital outlays are more than depreciation in the current period.		41,020
Amounts related to the pension plans that affect the statement of activities but do not affect the fund financial statements.		
Wisconsin Retirement Pension Plan	(55,531)	
Supplemental Pension Plan	284	(55,247)
Amounts related to the OPEB plans that affect the statement of activities but do not affect the fund financial statements.		
Health Insurance Post-Employment Benefits - Single-Employer Plan	52,613	
Local Retiree Life Insurance Fund - Cost-Sharing Plan	<u>(19,645)</u>	32,968
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Compensated absences paid in current year	9,815	
Compensated absences earned in current year	<u>(16,208)</u>	
Amounts paid are less than amounts earned by		(6,393)
Payments on bonds in governmental funds are reported as an expenditure, but are reported as a decrease in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.		
The amount of debt paid in the current year is		1,385,000
Debt incurred in governmental funds is reported as other financing sources, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.		
The amount of debt incurred in the current year is		(28,700,000)
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.		
The amount of interest paid during the current period	(29,761)	
The amount of interest accrued during the current period	<u>28,125</u>	
The amount of interest accrued is less than amounts paid by		<u>(1,636)</u>
Change in Net Position - Governmental Activities		\$ 1,830,574

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of Wrightstown Community School District (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). These accounting policies conform to GAAP and have been consistently applied in the preparation of the financial statements. The more significant accounting policies established by GAAP and used by the District are discussed below.

Nature of Operations

The Wrightstown Community School District is organized as a common school district. The District, governed by a seven-member elected school board, operates grades 4K through 12 and is comprised of all or parts of nine taxing districts.

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

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

District-Wide Financial Statements

The 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. 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 statement of activities presents a comparison between direct expenses for each function or segment of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function or segment. Program revenues include (1) charges to students or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) operating grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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

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

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

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.

Capital Projects Fund - This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

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

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Nonmajor Funds

The District reports the following nonmajor funds:

Student Activities and Other Donations - This fund accounts for student activities and other donations that can be used for District operations.

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

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

Long-Term Capital Projects Fund - This fund accounts for proceeds from long-term borrowing and other resources to be used for long-term capital improvement projects.

Measurement Focus and Basis of Accounting

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

The district-wide 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, including property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Cash and Investments

The District's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash balances for individual funds are pooled unless maintained in segregated accounts.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

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

Property Taxes

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable by the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the twentieth of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2019 tax levy is used to finance operations of the District's fiscal year ended June 30, 2020. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

Accounts Receivable

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

Interfund Activity

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Capital Assets

In the district-wide statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at actual or estimated historical cost if actual cost is unavailable. Donated assets are reported at acquisition value at the time received.

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 using a threshold of \$10,000. All depreciable capital assets are depreciated on a straight-line basis over the following years:

<u>Asset</u>	<u>Years</u>
Site Improvements	20
Buildings and Improvements	20 – 50
Furniture and Equipment	5 – 20

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated lives.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Principal payments decrease the long-term debt liability on the statement of net position and do not affect the statement of activities. Interest is reported as an expense on the statement of activities on an accrual basis.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal and interest payments are reported as debt service expenditures.

Unearned Revenues

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

Compensated Absences

The District's policy allows employees to carry over sick leave payable to the employee if certain eligibility requirements are met. Sick leave is capped at 60 days, and employees balance is paid upon retirement at \$35 per day. Employees must meet the District's supplemental pension plan eligibility requirements, which is age 62 with 30 years of experience, including at least 15 years with a District. A liability for sick leave payable to the employees is accrued when incurred in the government-wide financial statements.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The District reports deferred outflows of resources reported on the statement of net position. The deferred outflows related to the pension plans are explained in more detail in Notes 6 and 7. The deferred outflows related to the OPEB plans are explained in more detail in Notes 8 and 9.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The District reports deferred inflows of resources reported on the statement of net position. The deferred inflows related to the pension plans are explained in more detail in Notes 6 and 7. The deferred inflows related to the OPEB plan are explained in more detail in Notes 8 and 9.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Pensions and Other Post-Employment Benefits

Wisconsin Retirement System. For purposes of measuring the net pension 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 the District's supplemental pension plan and additions to/deductions from pension plans fiduciary net position have been determined on the same basis as they are reported by the pension plans. 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.

Supplemental Pension Plan. Qualifying professional staff are provided with a supplemental pension. The supplemental pension is a single employer defined benefit plan administered by the District. For purposes of measuring the supplemental pension liability, related deferred outflows and inflows and pension expense, the District had used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Other Post-Employment Benefits (OPEB) – Single Employer Plan. The District provides health care insurance coverage for employees who retire until they reach the age of 65. Eligible retired employees have access to group medical coverage through the District's group plans. The OPEB is a single employer defined benefit plan administered by the District. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Other Post-Employment Benefits (OPEB) – Cost Sharing Plan. 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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Claims and Judgments

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

Fund Equity Designations

District-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted component of net position – Consist of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Equity Designations (Continued)

- c. Unrestricted component of net position – Remaining net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

Fund Financial Statements

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

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

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

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

Assigned fund balance, in the general fund, represents amounts constrained by the Board of Education for a specific intended purpose. The District has delegated that authority to the Superintendent. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

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

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

The District has not adopted a minimum fund balance policy.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Note 2 - Cash and Investments

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

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 2 - Cash and Investments (Continued)

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

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

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

The District's cash and investments are subject to several types of risk, as explained in more detail below.

Custodial Credit Risk

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

At June 30, 2020 the bank balance of cash was \$2,714,249. The District maintains its cash accounts at one financial institution. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

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

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. The State Guarantee Fund has not been considered in the table below as insured deposits.

The following represents a summary of deposits as of June 30, 2020:

Fully insured deposits	\$	500,000
Uninsured		2,214,249
Total	\$	<u>2,714,249</u>

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 2 – Cash and Investments (Continued)

For all deposits and investments shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and the carrying value is due to outstanding checks and/or deposits in transit.

Interest Rate Risk

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

As of June 30, 2020, the District's investments were as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>One to Two Years</u>	<u>Three to Four Years</u>
Wisconsin Investment Series Cooperative (WISC)	<u>\$ 32,400,572</u>	<u>\$ 32,400,572</u>	<u>\$ -</u>	<u>\$ -</u>

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$32,400,572 at year-end, all of which is invested in the Investment Series. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice. The average dollar weighted maturity is one hundred twenty days or less.

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

<u>Investment</u>	<u>Fair Value</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Wisconsin Investment Series Cooperative (WISC)	<u>\$ 32,400,572</u>	<u>\$ 32,400,572</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Adjustments necessary to record investments at fair value are recorded as increases or decreases in investment income.

- Level 1 – Valuation for assets are from quoted prices in active markets. These valuations are obtained from readily available pricing sources from market transactions involving identical assets.
- Level 2 – Valuation for assets are from less active markets. These valuations are obtained from third party pricing services for identical or similar assets.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 2 – Cash and Investments (Continued)

- Level 3 – Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations. These valuations incorporate certain assumptions and projections in determining fair value assigned to such assets.

As of June 30, 2020 the District had the following investments at fair value:

Investment	Level 1	Level 2	Level 3
Wisconsin Investment Series Cooperative (WISC)	\$ 32,400,572	\$ -	\$ -

Note 3 - Transfers

The interfund transfers between individual funds of the District, as reported in the fund financial statements as of June 30, 2020, is detailed below:

Transfer To	Transfer From	Amount	Purpose
Capital Projects Fund	General Fund	\$ 50,000	Year End Cash Flow Timing
Food Service	General Fund	50,000	Year End Cash Flow Timing
Debt Service	Capital Projects Fund	360,060	Project Expenses
Totals		<u>\$ 460,060</u>	

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated:				
Land	\$ 297,800	\$ 150,000	\$ -	\$ 447,800
Capital Assets Being Depreciated				
Site Improvements	1,681,147	-	-	1,681,147
Buildings and Improvements	22,148,888	257,100	-	22,405,988
Furniture and Equipment	1,380,891	173,869	103,466	1,451,294
Total Capital Assets Being Depreciated	<u>25,210,926</u>	<u>430,969</u>	<u>103,466</u>	<u>25,538,429</u>
Less Accumulated Depreciation For:				
Site Improvements	(612,275)	(36,246)	-	(648,521)
Buildings and Improvements	(9,087,162)	(425,741)	-	(9,512,903)
Furniture and Equipment	(634,534)	(77,962)	(103,466)	(609,030)
Total Accumulated Depreciation	<u>(10,333,971)</u>	<u>(539,949)</u>	<u>(103,466)</u>	<u>(10,770,454)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>14,876,955</u>	<u>(108,980)</u>	<u>-</u>	<u>14,767,975</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,174,755</u>	<u>\$ 41,020</u>	<u>\$ -</u>	<u>\$ 15,215,775</u>

Depreciation expense for fiscal year ended June 30, 2020 amounted to \$539,949 and was charged to support services as unallocated depreciation.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 5 - Long-Term Obligations

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amount Due Within One Year</u>
General Obligation Notes	\$ 1,385,000	\$ -	\$ 1,385,000	\$ -	\$ -
Bond Anticipation Notes	-	28,700,000	-	28,700,000	3,035,000
Compensated Absences	55,290	16,208	9,815	61,683	46,262
Net Pension Liability	1,664,974	559,602 *	2,224,576	-	-
Supplemental Pension	74,024	9,559	284	83,299	-
Other Post-Employment Benefits - Single Employer	824,502	30,883	90,427	764,958	-
Other Post-Employment Benefits - Cost Sharing	161,823	126,330	18,988	269,165	-
Total Long-Term Obligations	<u>\$ 41,084,423</u>	<u>\$ 29,442,582</u>	<u>\$ 3,729,090</u>	<u>\$ 29,879,105</u>	<u>\$ 3,081,262</u>

*In the current year, the District's position in the Wisconsin Retirement System is reported as a net pension asset, as a result of the latest actuarial valuation. More information on this asset may be found in Note 6.

Bond anticipations notes (BANs) may be reported as general long-term liabilities when all legal steps have been taken to refinance the notes and the District has the ability to consummate the refinancing. On May 27, 2020 the District issued BANs of \$28,700,000 to finance the upcoming projects approved by the passed referendum. At June 30, 2020 the accrued interest on the BANs was \$8,311. The BANs were refinanced very shortly after the fiscal year end on July 8, 2020 with long-term general obligation bonds. The general obligation bonds in the amount of \$26,520,000 have a final maturity date of March 1, 2033. The debt service to maturity that is presented reflects the long-term debt service payments on the general obligation bonds.

Total interest paid for the year ended June 30, 2020 was \$29,761 for general obligation debt and bond anticipation notes outstanding during the fiscal year, which was refunded by the issuance of general obligation bonds.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2020 is comprised of the following.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/2020</u>
Governmental Activities					
Long-Term Obligations					
2020 Bond Anticipation Notes	05/27/20	07/08/20	1.51%	\$ 28,700,000	<u>\$ 28,700,000</u>

*The maturity date of the long term bonds that replaced the bond anticipation notes on 7/8/20, before the issuance of the financial statements, is 3/1/40.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 5 - Long-Term Obligations (Continued)

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$780,148,331. The legal debt limit and margin of indebtedness as of June 30, 2020, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$780,148,331)		\$ 78,014,833
Deduct long-term debt applicable to debt margin	\$ 28,700,000	
Less: Amounts available for financing general obligation debt	<u>372,942</u>	<u>28,327,058</u>
Margin of indebtedness		<u>\$ 49,687,775</u>

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

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,035,000	\$ 1,063,613	\$ 4,098,613
2022	1,105,000	875,378	1,980,378
2023	1,310,000	815,003	2,125,003
2024	1,465,000	745,628	2,210,628
2025	1,540,000	670,503	2,210,503
2026-2030	8,890,000	2,161,765	11,051,765
2031-2035	5,365,000	1,004,178	6,369,178
2036-2040	<u>5,990,000</u>	<u>372,049</u>	<u>6,362,049</u>
Total	<u>\$ 28,700,000</u>	<u>\$ 7,708,117</u>	<u>\$ 36,408,117</u>

Compensated absences, supplemental pension and other post-employment benefits are excluded from the above cash flow requirements because repayment schedules have not been determined or are not required.

Note 6 - Defined Benefit Pension Plan

General Information About the Pension Plan

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

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

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

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

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 6 - Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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

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

The WRS also provides death and disability benefits for employees.

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

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

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

During the reporting period, the WRS recognized \$507,711 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.55%	6.55%

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 6 - Defined Benefit Pension Plan (Continued)

Pension Liabilities (Asset), 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 \$1,496,742 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 .04641843%, which was a decrease of 0.00038094% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$559,602

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
	<u> </u>	<u> </u>
Differences between expected and actual experiences	\$ 2,841,158	\$ 1,421,809
Changes in assumptions	116,635	-
Net differences between projected and actual earnings on pension plan investments	-	3,059,873
Changes in proportion and differences between employer contributions and proportionate share of contributions	439	15,607
Employer contributions subsequent to the measurement date	307,704	-
Total	<u><u>\$ 3,265,936</u></u>	<u><u>\$ 4,497,289</u></u>

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 6 - Defined Benefit Pension Plan (Continued)

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

The \$307,704 reported as deferred outflows related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2021	\$ (458,507)
2022	(343,867)
2023	50,718
2024	(787,401)
	<u>\$ (1,539,057)</u>

Actuarial Assumptions. The total pension liability 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 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 6 - Defined Benefit Pension Plan (Continued)

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

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	49.0%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0% *	7.5%	4.6%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0%	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 is 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.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 6 - Defined Benefit Pension Plan (Continued)

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

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase To Discount Rate (8.00%)</u>
District's proportionate share of the net pension liability (asset)	\$3,854,378	(\$1,496,742)	(\$5,497,320)

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

Payables to the Pension Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2020 is \$507,711 for June payroll.

Note 7 - Supplemental Pension Plan

In addition to the pension benefits described in Note 6, the District has early retirement provisions for certain employees.

Plan Description. The District provides a single-employer defined benefit pension (stipend) plan to eligible employees, until Medicare-eligibility. The plan does not issue separate financial statements. As of June 30, 2019 (the valuation and measurement date), there are 94 active employees. To meet the eligibility requirements employees must be a professional staff, be age 62 with fifteen full-time years with the District and a minimum of thirty overall years of professional service. The benefits provided are \$7,900 annually upon retirement until reaching Medicare eligibility.

Funding Policy. Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all pension benefits. The employer makes all contributions.

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

At June 30, 2020, the District reported a total pension liability of \$83,299 which was measured as of June 30, 2019 as determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020.

For the plan year ended June 30, 2020, the District recognized negative pension expense of \$284.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 7 - Supplemental Pension Plan (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflow of resources related to the supplemental pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 22,485
Changes in assumptions	1,513	73,058
Total	\$ 1,513	\$ 95,543

Other amounts reported as deferred inflows related to the supplemental pension will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2021	\$ (7,930)
2022	(7,930)
2023	(7,930)
2024	(7,930)
2025	(7,930)
Thereafter	(54,380)
	\$ (94,030)

The change in the total pension liability for the year is as follows:

Total Pension Liability - Beginning of Year	<u>\$ 74,024</u>
Changes for the year:	
Service Cost	4,780
Interest	2,866
Changes of Assumptions	1,629
Difference Between Expected and Actual Experience	-
Benefit Payments	<u>-</u>
Net Increase in Total Pension Liability	<u>9,275</u>
Total Pension Liability - End of Year	<u>\$ 83,299</u>

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 7 - Supplemental Pension Plan (Continued)

Actuarial Valuation Methods and Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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)
Discount Rate:	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%). Implicit in this rate is an assumed rate of inflation of 2.50%.
Municipal Bond Rate Source:	Bond Buyer 20-Bond Go Index
Actuarial Assumptions:	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.
Mortality Assumption:	Wisconsin 2012 Mortality Table

Sensitivity of the District's Total Pension Liability to Changes in the Discount Rate

The following presents the District's total pension liability calculated using the discount rate of 3.5 percent, as well as what the District's total pension 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 2.50%</u>	<u>Current Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
Total Pension Liability	\$ 90,060	\$ 83,299	\$ 76,931

Payable to the Supplemental Pension Plan

At June 30, 2020, the District reported no amount for outstanding contributions to the Plan required for the year ended June 30, 2020.

Note 8 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

Plan Description. The District operates a single-employer retiree benefit plan that provides post-employment benefits to all eligible employees who retire until they reach the age of 65. Eligible retired employees have access to group medical coverage through the District's group plans. No assets are accumulated in a trust. Separate financial statements are not issued.

Benefits Provided. The Plan provides post-employment health benefits to eligible employees and their spouses and dental benefits to eligible employees. This plan is described below.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 8 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)

Certified Teaching Staff. The District provides post-employment health and dental benefits to any teachers who have reached the age of 55 and taught at least 15 years in the District and have a minimum of 30 years of overall professional service. These early retirees receive contributions equal to the amount of 100% of the single or family medical premium and 100% of single dental premium frozen at the rates in effect at the time of retirement. The District's contributions shall remain frozen at this amount until Medicare eligibility.

Effective July 1, 2011, certified teaching staff are not eligible for a District-provided post-employment benefits upon their retirement. The change eliminated this benefit for all retirees who retire on or after July 1, 2011. The employs that retired prior to July 1, 2011 will continue to receive this benefit. Since no new retirees will receive this benefit, this benefit will end when all the current participants reach age 65.

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>10</u>
	<u>18</u>

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation roll forward to June 30, 2020.

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

Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	4.00%
Healthcare Cost Trend Rates	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.

Mortality rates were based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017-June 30, 2018.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.50 percent as of the actuarial valuation date of July 1, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from the District will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 8 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)

As of the measurement date of June 30, 2019, the discount rate was changed to 3.50 percent to be reflective of a 20-year municipal bond rate since assets are held solely as cash and cash equivalents.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u> <u>Total OPEB Liability</u>
Balance at 6/30/19	\$ 824,502
Changes for the year:	
Service Cost	31,487
Interest	29,094
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions of Other Input	8,693
Benefit Payments	<u>(128,818)</u>
Net Changes	<u>(59,544)</u>
Balance at 6/30/20	\$ <u>764,958</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the District's total OPEB liability calculated using the discount rate of 3.50 percent, as well as what the total OPEB liability was 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</u> <u>(2.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.50%)</u>	<u>1% Increase</u> <u>(4.50%)</u>
Total OPEB Liability	\$ 800,284	\$ 764,958	\$ 730,568

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the District's total OPEB liability calculated using the current healthcare cost trend rate of 7.50 percent decreasing to 5.00 percent, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.50 percent decreasing to 6.0 percent) than the current rate.

	<u>1% Decrease</u> <u>(6.50%</u> <u>decreasing to</u> <u>4.0%)</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates (7.50%</u> <u>decreasing to</u> <u>5.0%)</u>	<u>1% Increase</u> <u>(8.50%</u> <u>decreasing to</u> <u>6.0%)</u>
Total OPEB Liability	\$ 716,726	\$ 764,958	\$ 819,003

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 8 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$38,391, At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following source:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 145,874
Changes in assumptions	7,969	83,254
Employer contributions subsequent to the measurement date	91,003	-
Total	<u>\$ 98,972</u>	<u>\$ 229,128</u>

The \$91,003 reported as deferred outflows of resources resulting from District 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 deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	<u>Net Deferred Inflows of Resources</u>
2021	(22,190)
2022	(22,190)
2023	(22,190)
2024	(22,190)
2025	(22,190)
Thereafter	(110,209)
	<u>\$ (221,159)</u>

Note 9 - Post-Employment Benefits Other Than Pension Benefits – Cost-Sharing Plan

General Information About the OPEB Plan

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 members.

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>.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 9 - Post-Employment Benefits Other Than Pension Benefits – Cost-Sharing Plan (Continued)

Benefits Provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members 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 member 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 member 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>Employee</u>
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

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

**Life Insurance Member
Contribution Rates ***

<u>Attained Age</u>	<u>Basic/Supplemental</u>
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

* Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the Plan recognized \$1,369 in contributions from the employer.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 9 - Post-Employment Benefits Other Than Pension Benefits – Cost-Sharing Plan (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2020, the District reported a liability of \$269,165 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 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 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 0.06321100%, which was an increase of 0.00049700% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$29,683

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 12,059
Changes in assumptions	99,297	29,606
Net differences between projected and actual earnings on pension plan investments	5,078	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,450	3,188
Employer contributions subsequent to the measurement date	712	-
Total	<u>\$ 113,537</u>	<u>\$ 44,853</u>

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 9 - Post-Employment Benefits Other Than Pension Benefits – Cost-Sharing Plan (Continued)

The \$712 reported as deferred outflows related to OPEB resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	Net Deferred Outflows of Resources
2021	11,901
2022	11,901
2023	11,353
2024	10,789
2025	8,338
Thereafter	13,690
	<u>\$ 67,972</u>

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:	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	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 9 - Post-Employment Benefits Other Than Pension Benefits – Cost-Sharing Plan (Continued)

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5	2.90
U.S. 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 members. 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.

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%)
Districts Proportionate Share of the Net OPEB Liability	\$ 371,671	\$ 269,165	\$ 191,177

Payables to the OPEB Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The District reported not outstanding amount due to WRS for Life Insurance Benefits as of June 30, 2020.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 10 - Fund Equity

District-Wide Statements

Net position reported on the district-wide statement of net position at June 30, 2020 includes the following:

Net Investment in Capital Assets:	
Net Capital Assets	\$ 15,215,775
Less: Related Long-Term Debt Outstanding	
Long-Term Debt	(28,700,000)
Plus: Unspent Debt Proceeds	28,817,920
Total Net Investment in Capital Assets	<u>15,333,695</u>
Restricted:	
Donor Intentions	311,656
Debt Retirement	372,942
Food Service	115,474
Pension	265,389
Total Restricted	<u>1,065,461</u>
Unrestricted	<u>5,266,668</u>
Total District-Wide Net Position	<u>\$ 21,665,824</u>

Note 11 - Limitation on School District Revenues

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

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

Note 12 - Contingencies

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

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2020, are not likely to have a material adverse impact on the District's financial position.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 13 - Risk Management

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

Note 14 - Cumulative Effect of Change in Accounting Principle

The District follows the presentation requirements of accounting principles generally accepted in the United States of America prescribed by the Government Accounting Standards Board. As a result, the presentation requirements of GASB Statement No. 84, *Fiduciary Activities* were adopted for the year ended June 30, 2020. This statement revised the criteria on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four types of fiduciary funds that should be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. As a result of adopting this statement, the District has reclassified private purpose trust and pupil activity funds to the special revenue trust fund within the governmental funds. An adjustment was made of \$246,069 to increase beginning governmental activities net position and the special revenue trust fund balance and to decrease the fiduciary fund agency fund asset and offsetting liability balances by this amount. This amount is the net of the prior year balance of \$252,676 less the accounts payable for student activities as of June 30, 2019 in the amount of \$6,607.

Note 15 - Upcoming Accounting Pronouncement

GASB Statement No. 87, Leases

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

The District is evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)
Last Ten Measurement Periods*

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net Pension Asset/Liability	District's Proportionate Share of the Net Pension (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2019	0.04641843%	\$ (1,496,742)	\$ 7,363,175	-20.33%	102.96%
12/31/2018	0.04679937%	1,664,974	7,118,090	23.39%	96.45%
12/31/2017	0.04648109%	(1,380,078)	6,977,773	-19.78%	102.93%
12/31/2016	0.04521311%	372,664	6,815,123	5.47%	99.12%
12/31/2015	0.04465634%	725,657	6,436,110	11.27%	98.20%
12/31/2014	0.04679937%	(1,096,251)	6,052,786	-18.11%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)
Last Ten Fiscal Years*

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2020	\$ 507,711	\$ (507,711)	\$ -	\$ 7,581,207	6.70%
6/30/2019	477,382	(477,382)	-	7,223,664	6.61%
6/30/2018	573,541	(573,541)	-	5,906,829	9.71%
6/30/2017	564,471	(564,471)	-	5,815,795	9.71%
6/30/2016	476,592	(476,592)	-	5,721,311	8.33%
6/30/2015	453,915	(453,915)	-	5,405,588	8.40%

*Ten years of information will be accumulated beginning in 2014.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Schedule of Employer's Proportionate Share of the OPEB Liability
Other Post-Employment Life Insurance Benefits - Cost-Sharing Plan
Last Ten Measurement Periods*

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the OPEB Liability	District's Proportionate Share of the OPEB Liability	District's Covered Payroll	District's Proportionate Share of the OPEB Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability
<u>Governmental Funds</u>					
12/31/2019	0.06321100%	\$ 269,165	\$ 4,451,000	6.05%	37.58%
12/31/2018	0.06271400%	161,823	3,854,000	4.20%	48.69%
12/31/2017	0.00643380%	193,566	2,705,597	7.15%	44.81%

Schedule of Employer Contributions
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan
Last Ten Fiscal Years*

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
<u>Governmental Funds</u>					
6/30/2020	\$ 1,369	\$ (1,369)	\$ -	\$ 4,451,000	0.03%
6/30/2019	1,225	(1,225)	-	3,854,000	0.04%
6/30/2018	1,234	(1,234)	-	2,705,597	0.03%

*Ten years of data will be accumulated beginning with 2018.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Total OPEB Liability and Related Ratios
Other Post-Employment Benefits - Single Employer Plan
Last Ten Measurement Periods*

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 31,487	\$ 50,701	\$ 50,701
Interest	29,094	38,979	41,381
Differences between expected and actual experience	-	(175,050)	-
Changes in Assumptions	8,693	(99,906)	-
Benefit Payments	(128,818)	(157,111)	(164,288)
Net Change in Total OPEB Liability	(59,544)	(342,387)	(72,206)
Total OPEB Liability - Beginning	824,502	1,166,889	1,239,095
Total OPEB Liability - Ending (a)	\$ 764,958	\$ 824,502	\$ 1,166,889
Covered Employee Payroll	\$ 6,516,721	\$ 6,516,721	\$ 5,722,706
District's Total OPEB Liability as a Percentage of Covered- Employee Payroll	11.74%	12.65%	20.39%

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

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Total Pension Liability and Related Ratios
Supplemental Pension Plan
Last Ten Measurement Periods*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service Cost	\$ 4,780	\$ 12,277	\$ 13,268	\$ 13,268
Interest	2,866	5,866	4,931	4,631
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	-	(26,233)	-	-
Changes of Assumptions or Other Inputs	1,629	(79,349)	(6,557)	-
Benefit Payments	-	-	(15,800)	-
Net Changes	<u>9,275</u>	<u>(87,439)</u>	<u>(4,158)</u>	<u>17,899</u>
Total Supplemental Pension Liability - Beginning of Year	<u>74,024</u>	<u>161,463</u>	<u>165,621</u>	<u>147,722</u>
Total Supplemental Pension Liability - End of Year	<u>\$ 83,299</u>	<u>\$ 74,024</u>	<u>\$ 161,463</u>	<u>\$ 165,621</u>
Covered Employee Payroll	<u>\$ 5,124,227</u>	<u>\$ 5,124,227</u>	<u>\$ 5,722,706</u>	<u>\$ 5,682,341</u>
Employer's Total Pension Liability as a Percentage of Covered Employee Payroll	1.63%	1.44%	2.82%	2.91%

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

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Change in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES			
Property Taxes	\$ 4,721,012	\$ 4,721,012	\$ -
Other Local Sources	101,650	134,085	32,435
Interdistrict Sources	535,428	541,070	5,642
Intermediate Sources	900	-	(900)
State Sources	9,344,809	9,373,474	28,665
Federal Sources	90,541	86,893	(3,648)
Other Sources	32,295	36,209	3,914
Total Revenues	<u>14,826,635</u>	<u>14,892,743</u>	<u>66,108</u>
EXPENDITURES			
Instruction:			
Regular Instruction	5,833,196	5,752,164	81,032
Vocational Instruction	699,411	683,648	15,763
Physical Instruction	366,633	365,060	1,573
Other Instruction	616,575	572,930	43,645
Total Instruction	<u>7,515,815</u>	<u>7,373,802</u>	<u>142,013</u>
Support Services:			
Pupil Services	558,584	521,251	37,333
Instructional Staff Services	380,246	628,329	(248,083)
General Administration Services	535,458	228,876	306,582
School Building Administration Services	679,036	750,661	(71,625)
Business Administration Services	243,670	241,856	1,814
Operations and Maintenance	1,803,564	1,681,923	121,641
Pupil Transportation	578,500	545,846	32,654
Central Services	52,000	57,995	(5,995)
Insurance	85,292	81,541	3,751
Other Support Services	640,860	682,274	(41,414)
Total Support Services	<u>5,557,210</u>	<u>5,420,552</u>	<u>136,658</u>
Non-Program Transactions:			
Open Enrollment	473,348	575,722	(102,374)
Other Non-Program Transactions	265,870	212,694	53,176
Total Non-Program Transactions	<u>739,218</u>	<u>788,416</u>	<u>(49,198)</u>
Total Expenditures	<u>13,812,243</u>	<u>13,582,770</u>	<u>229,473</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,014,392</u>	<u>1,309,973</u>	<u>295,581</u>
OTHER FINANCING SOURCES (USES)			
Transfer to Other Funds	(1,000)	-	1,000
Transfer to Food Service Fund	-	(50,000)	(50,000)
Transfer to Capital Improvement Trust Fund	(25,000)	(50,000)	(25,000)
Transfer to Special Education Fund	(988,392)	(945,998)	42,394
Total Other Financing Sources (Uses)	<u>(1,014,392)</u>	<u>(1,045,998)</u>	<u>(31,606)</u>
NET CHANGE IN FUND BALANCE	-	263,975	263,975
FUND BALANCE - BEGINNING OF YEAR	<u>6,031,124</u>	<u>6,031,124</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,031,124</u>	<u>\$ 6,295,099</u>	<u>\$ 263,975</u>

WRIGHTWN COMMUNITY SCHOOL DISTRICT
Notes to the Required Supplementary Information
June 30, 2020

Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit subfunction level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data:

- a. Based upon requests from District staff, district administration recommends budget proposals to the Board of Education.
- b. The Board reviews a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c. Pursuant to a public budget hearing, the Board may make alterations to the proposed budget.
- d. Once the Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire Board.
- e. Appropriations lapse at year-end unless authorized as a carryover by the Board. The portion of fund balance representing carryover appropriations is reported as committed or assigned fund balance.

Basis of Accounting

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

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

Excess of Actual Expenditures over Budget in Individual Fund

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2020:

Individual Fund	Excess Expenditures
General Fund	
Instructional Staff Services	\$ 248,083
School Building Administration Services	71,625
Central Services	5,995
Other Support Services	41,414
Open Enrollment	102,374

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Continued
June 30, 2020

Budget-to-Actual Reconciliation

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

	General Fund
Sources/Inflows of Resources	
Actual Amounts (Budgetary Basis) "Total Revenues" from the Schedule of Revenues, Expenditures and Changes in Fund Balances	\$ 14,892,743
Differences - Budget to GAAP	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	619,191
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 15,511,934
Uses/Outflows of Resources	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Use" from the Schedule of Revenues, Expenditures and Changes in Fund Balances	\$ 14,628,768
Differences - Budget to GAAP	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	1,565,189
The Transfer to the Special Education Fund is Eliminated because it is Considered to be a Part of the General Fund	(945,998)
Total Expenditures and Other Financing Use as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 15,247,959

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Continued
June 30, 2020

Defined Benefit Pension Plan

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

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

Supplemental Pension Plan

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

Changes of assumptions. The change in assumptions is as follows:

	Fiscal Year Ended			
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Discount Rate	3.50%	3.75%	3.50%	3.00%

Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

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

Changes of assumptions. The change in assumptions is as follows:

	Fiscal Year Ended			
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Discount Rate	3.50%	3.75%	3.50%	3.00%

Post-Employment Benefits Other Than Pension Benefits – Cost-Sharing Plan

Changes of benefit terms. There were no changes in benefit terms for any participating employer in 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 above for additional details.

SUPPLEMENTARY INFORMATION

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2020

	<u>Special Revenue</u>	
	<u>Student Activities and Other Donations</u>	<u>Community Service</u>
ASSETS		
Cash and Investments	\$ 312,464	\$ 314,827
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 808	\$ 340
Fund Balances		
Restricted	311,656	-
Committed	-	314,487
Total Fund Balances	<u>311,656</u>	<u>314,487</u>
Total Liabilities and Fund Balances	<u>\$ 312,464</u>	<u>\$ 314,827</u>

<u>Debt Service</u>	<u>Capital Projects</u>	
<u>Referendum</u>	<u>Long-term</u>	
<u>Fund</u>	<u>Capital</u>	<u>Total</u>
	<u>Projects</u>	
\$ 372,942	\$ 111,036	\$ 1,111,269
\$ -	\$ -	\$ 1,148
372,942	111,036	795,634
-	-	314,487
<u>372,942</u>	<u>111,036</u>	<u>1,110,121</u>
<u>\$ 372,942</u>	<u>\$ 111,036</u>	<u>\$ 1,111,269</u>

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue	
	Student Activities and Other Donations	Community Service
REVENUES		
Property Taxes	\$ -	\$ 225,000
Other Local Sources	-	27,916
Other Sources	357,760	-
Total Revenues	<u>357,760</u>	<u>252,916</u>
EXPENDITURES		
Instruction		
Other Instruction	316,270	-
Support Services		
Principal and Interest	-	-
Long Term Debt Issuance Costs	-	-
Community Services	-	95,342
Total Support Services	<u>-</u>	<u>95,342</u>
Total Expenditures	<u>316,270</u>	<u>95,342</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>41,490</u>	<u>157,574</u>
OTHER FINANCING SOURCES (USES)		
Transfer from General Fund	-	-
Transfer from Capital Projects Fund	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	41,490	157,574
FUND BALANCES - BEGINNING OF YEAR, RESTATED	<u>270,166</u>	<u>156,913</u>
FUND BALANCES - END OF YEAR	<u>\$ 311,656</u>	<u>\$ 314,487</u>

Debt Service		Capital Projects	
Referendum Fund		Long-term Capital Projects	Total
\$	1,394,950	\$ -	\$ 1,619,950
	1,636	822	30,374
	-	-	357,760
	<u>1,396,586</u>	<u>822</u>	<u>2,008,084</u>
	-	-	316,270
	1,414,761	-	1,414,761
	475	-	475
	-	-	95,342
	<u>1,415,236</u>	<u>-</u>	<u>1,510,578</u>
	<u>1,415,236</u>	<u>-</u>	<u>1,826,848</u>
	<u>(18,650)</u>	<u>822</u>	<u>181,236</u>
	-	50,000	50,000
	<u>360,060</u>	<u>-</u>	<u>360,060</u>
	<u>360,060</u>	<u>50,000</u>	<u>410,060</u>
	341,410	50,822	591,296
	<u>31,532</u>	<u>60,214</u>	<u>518,825</u>
\$	<u><u>372,942</u></u>	\$ <u><u>111,036</u></u>	\$ <u><u>1,110,121</u></u>

ADDITIONAL REPORTS

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

To the Board of Education
Wrightstown Community School District
Wrightstown, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wrightstown Community 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, and have issued our report thereon dated December 1, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph 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. We consider the deficiencies described in the accompany *schedule of findings and responses* as #2020-001 and #2020-002 to be significant deficiencies.

To the Board of Education
Wrightstown Community School District

Compliance and Other Matters

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

Wrightstown Community School District Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying *schedule of findings and responses* and *corrective action plan*. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
December 1, 2020

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

To the Board of Education
Wrightstown Community School District
Wrightstown, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Wrightstown Community School District's (District) compliance with the types of compliance requirements described in the Uniform Guidance Compliance Supplement, *State Single Audit Guidelines*, and the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of Wrightstown Community School 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 accompanying summary of auditors' results section of the accompanying *schedule of findings and responses*.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, Wrightstown Community 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.

To the Board of Education
Wrightstown Community School District

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on 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 *Uniform Guidance*, *State Single Audit Guidelines*, and the *Wisconsin Public School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 deficiencies, significant deficiencies, or 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.

Purpose of this Report

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
December 1, 2020

FEDERAL AND STATE AWARDS SECTION

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
As of June 30, 2020

Awarding Agency/ Award Description/ Pass-Through Agency	Catalog Number	Pass- Through Number	State Identification Number	Program or Award Amount
U.S. DEPARTMENT OF AGRICULTURE				
<i>CHILD NUTRITION CLUSTER</i>				
Wisconsin Department of Public Instruction				
Cash Assistance:				
School Breakfast Program	10.553			
July 1, 2018-June 30, 2019		2019-056734-SB-546	717-546	\$ N/A
July 1, 2019-June 30, 2020		2020-056734-SB-546	717-546	N/A
School Breakfast Program - COVID-19	10.553			
July 1, 2019-June 30, 2020		2020-056734-SB-546	717-546	N/A
National School Lunch Program	10.555			
July 1, 2018-June 30, 2019		2019-056734-NSL-547	717-547	N/A
July 1, 2019-June 30, 2020		2020-056734-NSL-547	717-547	N/A
National School Lunch Program - COVID-19	10.555			
July 1, 2019-June 30, 2020		2020-056734-NSL-547	717-547	N/A
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555			
July 1, 2019-June 30, 2020		2020-056734-NSL-547	N/A	N/A
TOTAL U.S. DEPARTMENT OF AGRICULTURE				
U.S. DEPARTMENT OF EDUCATION				
<i>TITLE I, PART A</i>				
Wisconsin Department of Public Instruction				
Title I Grants to Local Educational Agencies	84.010			
July 1, 2019-June 30, 2020		2020-056734-TIA-141	751-141	52,836
<i>SPECIAL EDUCATION CLUSTER</i>				
Wisconsin Department of Public Instruction				
IDEA Flow Through	84.027			
July 1, 2018-June 30, 2019		2019-056734-IDEA-FT-341	730-341	N/A
July 1, 2019-June 30, 2020		2020-056734-IDEA-FT-341	730-341	304,957
IDEA Preschool Entitlement Project	84.173			
July 1, 2019-June 30, 2020		2020-056734-IDEA-PS-347	730-347	4,930
Total Special Education Cluster				
<i>ENGLISH LANGUAGE ACQUISITION GRANTS</i>				
Wisconsin Department of Public Instruction - Title IIIA				
West De Pere School District	84.365			
July 1, 2018-June 30, 2019		2019-056734-DPI-T3 -391	N/A	N/A
July 1, 2019-June 30, 2020		2020-056734-DPI-T3 -391	N/A	N/A
Total English Language Acquisition Grants				
<i>IMPROVING TEACHER QUALITY GRANT</i>				
Wisconsin Department of Public Instruction	84.367			
July 1, 2019-June 30, 2020		2020-056734-TIIA-365	730-365	N/A
<i>TITLE IV</i>				
<i>STUDENT SUPPORT AND ACADEMIC ENRICHMENT</i>				
Wisconsin Department of Public Instruction	84.424			
July 1, 2019-June 30, 2020		2020-056734-TIVA-381	730-381	9,706
<i>CARL PERKINS</i>				
CESA #7	84.048			
July 1, 2019-June 30, 2020		2020-056734-CTE-400	N/A	6,318
TOTAL U.S. DEPARTMENT OF EDUCATION				
U.S. DEPARTMENT OF HEALTH AND FAMILY SERVICES				
<i>MEDICAID SCHOOL BASED SERVICES</i>				
Passed through Wisconsin Department of Health Services	93.778			
July 1, 2018-June 30, 2019		N/A	N/A	N/A
July 1, 2019-June 30, 2020				N/A
TOTAL FEDERAL ASSISTANCE				

Accrued Receivable 7/1/19	Grantor Reimbursements	Expenditures	Accrued Receivable 6/30/20
\$ 1,615	\$ 1,615	\$ -	\$ -
-	34,623	34,623	-
-	22,540	35,459	12,919
5,237	5,237	-	-
-	133,442	133,442	-
-	47,535	71,968	24,433
-	47,399	47,399	-
<u>6,852</u>	<u>292,391</u>	<u>322,891</u>	<u>37,352</u>
-	51,596	52,836	1,240
54,434	54,434	-	-
-	304,957	304,957	-
-	4,930	4,930	-
<u>54,434</u>	<u>364,321</u>	<u>309,887</u>	<u>-</u>
6,502	6,502	-	-
-	8,360	8,360	-
<u>6,502</u>	<u>14,862</u>	<u>8,360</u>	<u>-</u>
-	24,351	24,351	-
-	5,806	9,706	3,900
-	6,318	6,318	-
<u>60,936</u>	<u>467,254</u>	<u>411,458</u>	<u>5,140</u>
5,389	5,389	-	-
-	27,284	32,281	4,997
<u>\$ 73,177</u>	<u>\$ 792,318</u>	<u>\$ 766,630</u>	<u>\$ 47,489</u>

Reconciliation to the basic financial statements:	
Federal Sources	\$ 751,952
Intermediate Sources	14,678
Total expenditures of federal awards	<u>\$ 766,630</u>

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2020

Awarding Agency/ Awarding Description/ Pass-Through Agency	State I.D. Number	State Pass Through Number
WI DEPARTMENT OF PUBLIC INSTRUCTION		
ENTITLEMENT PROGRAMS		
<i>MAJOR STATE PROGRAMS</i>		
General Equalization Aid	255.201	056734-116
Common School Fund Library Aid	255.103	056734-104
School Based Mental Health Grant	255.297	056734-177
TOTAL MAJOR PROGRAMS		
<i>NONMAJOR STATE PROGRAMS</i>		
Special Education and School Age Parents	255.101	056734-100
State School Lunch Aid	255.102	056734-107
General Transportation Aid	255.107	056734-102
High Cost Special Education Aid	255.210	056734-119
State School Breakfast Aid	255.344	056734-108
Educator Effective Evaluation System	255.940	056734-154
Per Pupil Aid	255.945	056734-113
Supplemental Per Pupil Aid	255.245	056734-181
Career and Technical Education Incentive Grants	255.950	056734-171
Assessments of Reading Readiness	255.956	056734-106
Robotics League Participation Grants	255.959	056734-167
Transition Incentive Grant	255.960	056734-168
TOTAL NONMAJOR PROGRAMS		
WI DEPARTMENT OF PUBLIC INSTRUCTION		
School Safety Grant	455.206	2018-SSI-01-13507
TOTAL STATE ASSISTANCE		

The accompanying notes are an integral part of this schedule.

<u>Accrued Receivable 7/01/19</u>	<u>State Reimbursements</u>	<u>Expenditures</u>	<u>Accrued Receivable 6/30/2020</u>
\$ 129,314	\$ 8,105,454	\$ 8,108,951	\$ 132,811
-	65,361	65,361	-
-	-	77,400	77,400
<u>129,314</u>	<u>8,170,815</u>	<u>8,251,712</u>	<u>210,211</u>
-	259,031	259,031	-
-	6,527	6,527	-
-	48,604	48,604	-
-	5,478	5,478	-
-	1,206	1,206	-
-	7,200	7,200	-
-	979,440	979,440	-
-	4,431	4,431	-
-	15,066	15,066	-
-	6,244	6,244	-
-	2,033	2,033	-
-	6,000	6,000	-
-	<u>1,341,260</u>	<u>1,341,260</u>	-
7,175	7,175	-	-
<u>\$ 136,489</u>	<u>\$ 9,519,250</u>	<u>\$ 9,592,972</u>	<u>\$ 210,211</u>

Reconciliation to the basic financial statements:

State sources	\$ 9,651,716
Less: State Sources not considered state financial assistance	
State tax computer aid	(55,110)
Payment in lieu of taxes and other revenues	(3,634)
Total expenditures of state awards	<u>\$ 9,592,972</u>

The accompanying notes are an integral part of this schedule.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Wrightstown Community School District under programs of the federal and state governments for the year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedules present only a select portion of operations of the District, they are not intended to, and do not, present the financial position and change in net position of the District.

Note 2 - Summary of Significant Accounting Policies

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

Wrightstown Community School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Special Education and School Age Parents Program

2019 - 2020 eligible costs under the State Special Education Program are \$1,098,063.

Note 4 - Oversight Agencies

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

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements?	No

Federal Awards

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

Identification of major federal programs:

CFDA Number	Name of Federal Program
	<i>Child Nutrition Cluster</i>
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as a low-risk auditee?	No

State Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required in accordance with the Wisconsin Public School District Audit Manual?	No

Identification of major state programs

State I.D. Number	Name of State Program
255.201	General Equalization
255.103	Common School Library Aid
255.297	School Based Mental Health Grant

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Responses - Continued
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

#2020-001 Lack of Segregation of Duties

Condition:	During our audit, we noted that due to COVID-19 the bookkeeper was working remotely for a significant portion of the period. Some processes that would typically be followed, providing appropriate review and oversight, were not employed as usual.
Cause:	Due to COVID-19 pandemic causing employees to work from home.
Criteria:	Board of Education and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting.
Effect:	Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur.
Recommendation:	We recognize that this was not a typical year for the District. Therefore, the Board of Education should rely on its direct knowledge of the District's operations and thoroughly review financial reports to control and safeguard assets and insure accurate financial reporting.
Management's Response:	The District is aware of the lack of segregation of duties caused by COVID-19 and agrees with this finding. The District will continue to improve the segregation of duties by providing appropriate review and oversight wherever possible.
Responsible Official:	Dan Storch, Business Manager.
Anticipated Completion Date:	This finding will be resolved when District resumes its regular work environment or ensures that proper appropriate review and oversight is maintained throughout the year.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Responses - Continued
For the Year Ended June 30, 2020

Section II - Financial Statement Findings (Continued)

#2020-002 Financial Reporting

Condition:	During our audit, we noted that the internal control system does not include a process for preparing the external annual audited financial statements and the related disclosures in accordance with U.S. Generally Accepted Accounting Principles (GAAP).
Cause:	Management requested that KerberRose SC assist in preparing a draft of the audited financial statements and related footnote disclosures.
Criteria:	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, disclosures in the financial statements in conformity with GAAP.
Effect:	Although the auditors are preparing the financial statements and the related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy.
Recommendation:	We recommend that management continue to make this decision on a cost/benefit basis.
Management's Response:	Management feels as though they could prepare the financial statements, but will continue to have KerberRose SC prepare a draft of the audited financial statements. Management does review by comparing to the District's financial records and accepts responsibility for those financial statements.
Responsible Official:	Dan Storch, Business Manager.
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

Section III - Federal Award Finding

There were no findings for federal awards.

Section IV - State Award Finding

There were no findings for state awards.

WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

Financial Statement Findings

#2019-001 – Financial Reporting – See corrective action plan finding #2020-002.



WRIGHTSTOWN COMMUNITY SCHOOL DISTRICT

CARLA BUBOLTZ, DISTRICT ADMINISTRATOR

Phone: 920-532-5551

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www.wrightstown.k12.wi.us

Corrective Action Plan

Financial Statement Findings

#2020-001 – Lack of Segregation of Duties – The District is aware of the lack of segregation of duties caused by bookkeeper working remotely due to COVID-19.

Responsible Official

Dan Storch, Business Manager

Anticipated Completion Date

This finding will be resolved when District resumes its regular work environment or ensures that proper appropriate review and oversight is maintained throughout the year..

#2020-002 – Financial Reporting – Management feels as though they could prepare the financial statements, but will continue to have KerberRose SC prepare a draft of the audited financial statements, related footnotes and schedule of federal and state awards in accordance with generally accepted accounting principles due to time constraints. Management does review by comparing to the District's financial records and accepts responsibility for those financial statements.

Responsible Official

Dan Storch, Business Manager

Anticipated Completion Date

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

#WCSDSTRONG

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