

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

Board of Education
Wilmot Union High School District
Wilmot, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Prior-Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 42 to 46 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

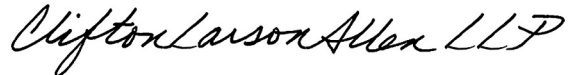
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 25, 2020

BASIC FINANCIAL STATEMENTS

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Governmental Activities	
	2020	2019
ASSETS		
Cash and Investments	\$ 3,802,141	\$ 3,025,206
Receivables:		
Taxes	4,212,842	4,025,886
Accounts	39,784	52,130
Due from Other Governments	151,865	294,197
Prepaid Items	-	21,125
Net Pension Asset	1,796,300	-
Assets Held for Resale	43,649	15,686
Capital Assets:		
Nondepreciable	710,000	710,000
Depreciable, Net	34,202,241	35,201,113
Total Assets	<u>44,958,822</u>	<u>43,345,343</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Advance Refunding	667,131	857,739
Pension Related Amounts	3,918,301	5,211,169
Other Postemployment Related Amounts	147,996	119,931
Total Deferred Outflows of Resources	<u>4,733,428</u>	<u>6,188,839</u>
LIABILITIES		
Accounts Payable	31,508	155,978
Accrued and Other Current Liabilities	672,058	198,849
Accrued Interest Payable	167,500	192,300
Long-Term Obligations:		
Due in One Year	3,808,998	3,722,289
Due in More Than One Year	15,546,228	19,366,935
Other Postemployment Benefits Liability:		
Due in One Year	137,122	119,930
Due in More Than One Year	745,287	781,121
Net Pension Liability	-	2,017,757
Total Liabilities	<u>21,108,701</u>	<u>26,555,159</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	5,406,202	2,811,505
Other Postemployment Related Amounts	194,775	217,097
Gain on Debt Refunding	60,888	70,255
Total Deferred Inflows of Resources	<u>5,661,865</u>	<u>3,098,857</u>
NET POSITION		
Net Investment in Capital Assets	16,224,146	13,609,373
Restricted	4,306,409	2,338,510
Unrestricted	2,391,129	3,932,283
Total Net Position	<u>\$ 22,921,684</u>	<u>\$ 19,880,166</u>

See accompanying Notes to Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2020	2019
Governmental Activities:					
Instruction	\$ 8,062,567	\$ 1,281,978	\$ 1,279,333	\$ (5,501,256)	\$ (5,934,811)
Support Services	7,427,930	561,833	129,599	(6,736,498)	(7,644,291)
Community Services	73,215	29,706	-	(43,509)	(35,108)
Nonprogram	1,027,755	-	-	(1,027,755)	(1,033,172)
Interest and Fiscal Charges	629,274	-	-	(629,274)	(783,999)
Depreciation - Unallocated	1,124,672	-	-	(1,124,672)	(1,145,112)
Total Governmental Activities	\$ 18,345,413	\$ 1,873,517	\$ 1,408,932	(15,062,964)	(16,576,493)
GENERAL REVENUES					
Property Taxes				13,323,535	12,689,607
Other Taxes				33,569	30,963
State and Federal Aids not Restricted to Specific Functions				4,648,835	5,091,329
Interest and Investment Earnings				46,677	147,936
Gain on Disposal of Assets				17,765	9,591
Miscellaneous				34,101	50,946
Total General Revenues				18,104,482	18,020,372
CHANGE IN NET POSITION				3,041,518	1,443,879
Net Position - Beginning of Year				19,880,166	18,436,287
NET POSITION - END OF YEAR				\$ 22,921,684	\$ 19,880,166

See accompanying Notes to Basic Financial Statements.

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

	<u>General</u>	<u>Referendum Debt Service</u>	<u>Other Governmental Funds</u>
ASSETS			
Cash and Investments	\$ 3,178,490	\$ 2,875	\$ 620,776
Receivables:			
Taxes	2,158,884	1,964,958	89,000
Accounts	39,784	-	-
Due from Other Funds	1,216	-	-
Due from Other Governments	150,649	-	1,216
Prepaid Items	-	-	-
Assets Held for Resale	43,649	-	-
	<u>5,572,672</u>	<u>1,967,833</u>	<u>710,992</u>
Total Assets	<u>\$ 5,572,672</u>	<u>\$ 1,967,833</u>	<u>\$ 710,992</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 31,508	\$ -	\$ -
Accrued and Other Current Liabilities	672,058	-	-
Due to Other Funds	-	-	1,216
Total Liabilities	<u>703,566</u>	<u>-</u>	<u>1,216</u>
FUND BALANCES			
Nonspendable	43,649	-	-
Restricted	-	1,967,833	709,776
Unassigned	4,825,457	-	-
Total Fund Balances	<u>4,869,106</u>	<u>1,967,833</u>	<u>709,776</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,572,672</u>	<u>\$ 1,967,833</u>	<u>\$ 710,992</u>

See accompanying Notes to Basic Financial Statements.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

Totals	
2020	2019
\$ 3,802,141	\$ 3,025,206
4,212,842	4,025,886
39,784	52,130
1,216	-
151,865	294,197
-	21,125
43,649	15,686
\$ 8,251,497	\$ 7,434,230
\$ 31,508	\$ 155,978
672,058	198,849
1,216	-
704,782	354,827
43,649	36,811
2,677,609	2,530,810
4,825,457	4,511,782
7,546,715	7,079,403
\$ 8,251,497	\$ 7,434,230

See accompanying Notes to Basic Financial Statements.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	2020	2019
Total Fund Balances as Shown on Previous Page	\$ 7,546,715	\$ 7,079,403
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	34,912,241	35,911,113
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Loss on Advance Refunding	667,131	857,739
Deferred Outflows Related to Pensions	3,918,301	5,211,169
Deferred Inflows Related to Pensions	(5,406,202)	(2,811,505)
Deferred Outflows Related to Other Postemployment Benefits	147,996	119,931
Deferred Inflows Related to Other Postemployment Benefits	(194,775)	(217,097)
Gain on Debt Refunding	(60,888)	(70,255)
Long-term asset are not considered available; therefore, are not reported in the funds:		
Net Pension Asset	1,796,300	-
Long-term liabilities are not due and payable in the current period; therefore, are not reported in the funds:		
Bonds and Notes Payable	(18,980,000)	(22,610,000)
Premium on Debt	(375,226)	(479,224)
Other Postemployment Benefits Liability	(882,409)	(901,051)
Net Pension Liability	-	(2,017,757)
Accrued Interest on Long-Term Obligations	(167,500)	(192,300)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see Page 4)	\$ 22,921,684	\$ 19,880,166

See accompanying Notes to Basic Financial Statements.

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

	<u>General</u>	<u>Referendum Debt Service</u>	<u>Other Governmental Funds</u>
REVENUES			
Property Taxes	\$ 8,865,661	\$ 4,318,874	\$ 139,000
Other Local Sources	448,685	12,051	381,768
Interdistrict Sources	1,125,929	-	6,905
Intermediate Sources	10,533	-	-
State Sources	5,522,553	-	16,649
Federal Sources	479,089	-	8,626
Other Sources	32,843	-	-
Total Revenues	<u>16,485,293</u>	<u>4,330,925</u>	<u>552,948</u>
EXPENDITURES			
Instruction:			
Regular Instruction	4,096,434	-	-
Vocational Instruction	1,104,626	-	-
Special Education Instruction	1,839,440	-	-
Other Instruction	1,078,564	-	-
Total Instruction	<u>8,119,064</u>	<u>-</u>	<u>-</u>
Support Services:			
Pupil Services	1,099,582	-	6,905
Instructional Staff Services	1,277,915	-	15,750
General Administration Services	440,177	-	-
School Administration Services	560,329	-	36,981
Business Services	411,622	-	-
Operations and Maintenance of Plant	1,982,418	-	10,543
Pupil Transportation Services	452,816	-	-
Food Services	-	-	404,968
Central Services	43,932	-	673
Insurance	160,341	-	25
Other Support Services	585,493	-	2,422
Total Support Services	<u>7,014,625</u>	<u>-</u>	<u>478,267</u>
Debt Service:			
Principal	-	3,630,000	-
Interest and Fiscal Charges	-	487,832	88,999
Total Debt Service	<u>-</u>	<u>4,117,832</u>	<u>88,999</u>
Community Service	-	-	73,077

See accompanying Notes to Basic Financial Statements.

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

Totals	
2020	2019
\$ 13,323,535	\$ 12,689,607
842,504	1,120,906
1,132,834	864,236
10,533	8,839
5,539,202	5,838,732
487,715	440,066
32,843	46,939
21,369,166	21,009,325
4,096,434	4,310,532
1,104,626	1,141,941
1,839,440	1,693,468
1,078,564	1,171,736
8,119,064	8,317,677
1,106,487	935,593
1,293,665	1,261,752
440,177	416,236
597,310	563,402
411,622	360,508
1,992,961	2,802,772
452,816	730,499
404,968	464,300
44,605	64,684
160,366	149,058
587,915	496,179
7,492,892	8,244,983
3,630,000	3,580,120
576,831	798,589
4,206,831	4,378,709
73,077	74,315

See accompanying Notes to Basic Financial Statements.

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

	General	Referendum Debt Service	Other Governmental Funds
EXPENDITURES (CONTINUED)			
Nonprogram:			
General Tuition Payments	\$ 952,945	\$ -	\$ -
Co-Curricular Cooperative Program	-	-	-
Special Education Tuition Payments	41,814	-	-
Adjustments and Refunds	21,079	-	90
Voucher Payments	8,692	-	-
Revenue Transits to Others	3,135	-	-
Total Nonprogram	<u>1,027,665</u>	<u>-</u>	<u>90</u>
 Total Expenditures	 <u>16,161,354</u>	 <u>4,117,832</u>	 <u>640,433</u>
 Excess of Revenues Over (Under) Expenditures	 323,939	 213,093	 (87,485)
OTHER FINANCING SOURCES (USES)			
Payment to Current Bondholder	-	-	-
Proceeds from Sale of Assets	17,765	-	-
Transfers In	899	-	22,090
Transfers Out	<u>(22,090)</u>	<u>-</u>	<u>(899)</u>
 Total Other Financing Sources (Uses)	 <u>(3,426)</u>	 <u>-</u>	 <u>21,191</u>
NET CHANGE IN FUND BALANCES	320,513	213,093	(66,294)
 Fund Balances - Beginning of Year	 <u>4,548,593</u>	 <u>1,754,740</u>	 <u>776,070</u>
FUND BALANCES - END OF YEAR	 <u><u>\$ 4,869,106</u></u>	 <u><u>\$ 1,967,833</u></u>	 <u><u>\$ 709,776</u></u>

See accompanying Notes to Basic Financial Statements.

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

Totals	
2020	2019
\$	\$
952,945	900,806
-	6,373
41,814	104,072
21,169	1,028
8,692	8,400
3,135	12,493
1,027,755	1,033,172
20,919,619	22,048,856
449,547	(1,039,531)
-	(3,620,000)
17,765	9,591
22,989	401
(22,989)	(401)
17,765	(3,610,409)
467,312	(4,649,940)
7,079,403	11,729,343
\$ 7,546,715	\$ 7,079,403

See accompanying Notes to Basic Financial Statements.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019)**

	2020	2019
Net Change in Fund Balances as Shown on Previous Page	\$ 467,312	\$ (4,649,940)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Assets Reported as Expenditures in the Governmental Fund Statements	125,800	770,183
Depreciation Expense Reported in the Statement of Activities	(1,124,672)	(1,145,112)
Net Book Value of Disposals	-	(3,486)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal Repaid	3,630,000	7,180,000
Capital Leases Paid	-	20,120
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued Interest on Long-Term Debt	24,800	101,200
Amortization of Premiums, Discounts and Loss on Advance Refunding	(77,243)	(86,610)
Net Pension Asset	1,796,300	(1,663,451)
Net Pension Liability	2,017,757	(2,017,757)
Deferred Outflows of Resources Related to Pensions	(1,292,868)	2,406,531
Deferred Inflows of Resources Related to Pensions	(2,594,697)	495,132
Other Postemployment Benefits	18,642	238,372
Deferred Outflows of Resources Related to Other Postemployment	28,065	(11,687)
Deferred Inflows of Resources Related to Other Postemployment Benefits	22,322	(189,616)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see Page 5)	\$ 3,041,518	\$ 1,443,879

See accompanying Notes to Basic Financial Statements.

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

	Private Benefit Trust	Agency <u>Pupil Activity</u>	<u>Totals</u>	
			<u>2020</u>	<u>2019</u>
ASSETS				
Cash and Investments	\$ 155,811	\$ 169,916	\$ 325,727	\$ 307,242
LIABILITIES				
Accounts Payable	-	-	-	10,452
Due to Student Organizations	-	169,916	169,916	158,157
Total Liabilities	<u>-</u>	<u>\$ 169,916</u>	<u>169,916</u>	<u>168,609</u>
NET POSITION				
Restricted	<u>\$ 155,811</u>		<u>\$ 155,811</u>	<u>\$ 138,633</u>

See accompanying Notes to Basic Financial Statements.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FIDUCIARY FUND
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
ADDITIONS		
Other Local Sources	<u>\$ 35,578</u>	<u>\$ 6,217</u>
DEDUCTIONS		
Trust Fund Disbursements	<u>18,400</u>	<u>20,529</u>
CHANGE IN NET POSITION	17,178	(14,312)
Net Position - Beginning of Year	<u>138,633</u>	<u>152,945</u>
NET POSITION - END OF YEAR	<u><u>\$ 155,811</u></u>	<u><u>\$ 138,633</u></u>

See accompanying Notes to Basic Financial Statements.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is organized as a unified school district. The District, governed by an elected seven-member board, operates grades 9 through 12 and is comprised of all or parts of seven taxing districts. In accordance with U.S. GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. Government-Wide and Fund Financial Statements

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

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

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

Referendum Debt Service Fund – This fund account for the resources accumulated and payments made for principal, interest, and related costs on long-term general obligation debt authorized by an approved referendum.

Additionally, the District reports the following fund types:

- The private-benefit trust fund is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.
- The District accounts for assets held as an agent for various student and parent organizations in an agency fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the private purpose trust fund. The agency fund has no measurement focus; however, the fund is accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

1. Cash and Investments

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

2. Property Taxes

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Property Taxes (Continued)

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

3. Accounts Receivable

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

4. Interfund Receivables and Payables

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

5. Prepaid Items

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

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

6. Capital Assets

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

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets (Continued)

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

Assets	Governmental Activities
Land Improvements	20 to 50 Years
Buildings and Improvements	20 to 50 Years
Machinery and Equipment	5 to 20 Years
Vehicles	5 Years

7. Deferred Outflows/Inflows of Resources

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

8. Long-Term Obligations

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

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Pensions

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

10. Other Postemployment Benefits Other Than Pensions (OPEB)

Qualifying teachers and administrators are provided with other postemployment benefits. 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.

11. Fund Equity

Governmental Fund Financial Statements

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

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fund Equity (Continued)

- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized the District Administrator and the Business Manager to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

District-Wide Fund Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prior Year Information

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

G. Reclassifications

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

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the District's cash and investments totaled \$4,127,868 on June 30, 2020 as summarized below:

Petty Cash and Cash on Hand	
Deposits with Financial Institutions	\$ 537,111
Investments:	
Repurchase Agreement	100,004
Wisconsin Local Government Investment Pool	3,408,900
U.S. Treasury Securities	81,853
Total	<u>\$ 4,127,868</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position	
Cash and Investments	\$ 3,802,141
Fiduciary Fund Statement of Net Position	
Private-Benefit Trust Fund	155,811
Agency Fund	169,916
Total	<u>\$ 4,127,868</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2020:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasury Securities	\$ -	\$ 81,853	\$ -
Total	<u>\$ -</u>	<u>\$ 81,853</u>	<u>\$ -</u>

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

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

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

As of June 30, 2020, all of the District's deposits with financial institutions were covered by federal and state depository insurance limits. The District also has an agreement with one of its financial institutions where a third-party trust company holds collateral available to the District.

On June 30, 2020, the District held repurchase agreement investments of \$100,004 of which the underlying securities are held by the investment's counterparty, not in the name of the District.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk

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

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
U.S. Treasury Securities	\$ 81,853	\$ 81,853	\$ -	\$ -	\$ -
Repurchase Agreement	100,004	-	-	-	100,004
Wisconsin Local Government Investment Pool	3,408,900	-	-	-	3,408,900
Totals	<u>\$ 3,590,757</u>	<u>\$ 81,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,508,904</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Securities	\$ 81,853	\$ -	\$ -	\$ -	\$ 81,853
Repurchase Agreement	100,004	100,004	-	-	-
Wisconsin Local Government Investment Pool	3,408,900	3,408,900	-	-	-
Totals	<u>\$ 3,590,757</u>	<u>\$ 3,508,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,853</u>

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investments in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$3,408,900 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the state of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 710,000	\$ -	\$ -	\$ 710,000
Capital Assets, Depreciable:				
Land Improvements	778,679	-	-	778,679
Buildings and Improvements	53,867,257	-	-	53,867,257
Machinery and Equipment	1,855,619	125,800	-	1,981,419
Vehicles	201,318	-	-	201,318
Subtotals	56,702,873	125,800	-	56,828,673
Less Accumulated Depreciation for:				
Land Improvements	160,575	83,450	-	244,025
Buildings and Improvements	19,817,136	939,707	-	20,756,843
Machinery and Equipment	1,417,767	83,115	-	1,500,882
Vehicles	106,282	18,400	-	124,682
Subtotals	21,501,760	1,124,672	-	22,626,432
Total Capital Assets, Depreciable, Net	35,201,113	(998,872)	-	34,202,241
Governmental Activities				
Capital Assets, Net	<u>\$ 35,911,113</u>	<u>\$ (998,872)</u>	<u>\$ -</u>	34,912,241
Less: Capital Related Debt				18,980,000
Less: Debt Premium				375,226
Add: Loss on Advance Refunding				667,131
Net Investment in Capital Assets				<u>\$ 16,224,146</u>

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transfers

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary Cash Advances to Finance		
Operating Cash Deficit		
Governmental Funds:		
General	\$ 1,216	\$ -
Cooperative Package Special Revenue	-	1,216
Totals	<u>\$ 1,216</u>	<u>\$ 1,216</u>

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

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General	\$ 899	\$ 22,090
Food Service Special Revenue	22,090	-
Cooperative Package Special Revenue	-	899
Totals	<u>\$ 22,989</u>	<u>\$ 22,989</u>

Transfers were made for the following purposes:

Finance Food Service Deficit	\$ 22,090
Reimbursement General Fund Costs	899
Totals	<u>\$ 22,989</u>

D. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 22,610,000	\$ -	\$ 3,630,000	\$ 18,980,000	\$ 3,705,000
Debt Premium	479,224	-	103,998	375,226	103,998
Governmental Activities Long-Term Obligations	<u>\$ 23,089,224</u>	<u>\$ -</u>	<u>\$ 3,733,998</u>	<u>\$ 19,355,226</u>	<u>\$ 3,808,998</u>

Total interest paid during the year on long-term debt totaled \$576,831.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/20
Taxable General Obligation Refunding Bonds	09/15/15	03/01/24	1.35 - 3.02%	\$ 28,215,000	\$ 15,420,000
General Obligation Refunding Bonds	09/14/17	03/01/25	2.50%	3,560,000	<u>3,560,000</u>
Total Outstanding General Obligation Debt					<u>\$ 18,980,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$18,980,000 on June 30, 2020 are detailed below:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 3,705,000	\$ 502,417	\$ 4,207,417
2022	3,795,000	419,054	4,214,054
2023	3,900,000	320,384	4,220,384
2024	4,020,000	210,404	4,230,404
2025	3,560,000	89,000	3,649,000
Total	<u>\$ 18,980,000</u>	<u>\$ 1,541,259</u>	<u>\$ 20,521,259</u>

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

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2020 was \$99,614,044 as follows:

Equalized Valuation of the District	\$ 2,371,880,888
Statutory Limitation Percentage	<u>5%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	118,594,044
Total Outstanding General Obligation Debt Applicable to Debt Limitation	18,980,000
Legal Margin for New Debt	<u>\$ 99,614,044</u>

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan

WRS Pension Plan Description

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

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

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

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

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 occupation employees) 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.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Post-Retirement Adjustments

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

<u>Year Ending June 30,</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22%
2011	(1.2)	11
2012	(7.3)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

Contributions

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

During the year ended June 30, 2020, WRS recognized \$585,466 in contributions from the District.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Contributions (Continued)

Contribution rates for the reporting period are:

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

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

At June 30, 2020, the District reported an asset of \$1,796,300 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 0.05570864%, which was an increase of 0.000100679% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$668,669.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,409,788	\$ 1,706,370
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	3,672,276
Changes in Assumptions	139,978	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	47	27,556
Employer Contributions Subsequent to the Measurement Date	368,488	-
Total	<u>\$ 3,918,301</u>	<u>\$ 5,406,202</u>

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

\$368,488 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2021	\$ (555,680)
2022	(414,757)
2023	59,601
2024	(945,553)
Total	<u>\$ (1,856,389)</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
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.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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 geometric real rates of return for each major asset class are summarized in the following table:

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

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

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a 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 members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset)

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,625,795	\$ (1,796,300)	\$ (6,597,556)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended June 30, 2020.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Plan does not issue separate financial statements. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

Teachers retired prior to July 1, 2012:

Continued medical coverage subsidized by the District based on rate in effect the year following the year of retirement. Retiree may elect to remain on District's group medical plan upon exhaustion of District provided medical benefit provided they self-pay the full amount (100%) of the required premiums.

Administrators retired prior to July 1, 2015:

Continued medical coverage subsidized by the District based on rate in effect the year following the year of retirement for a period of 3 years or until death of retiree. Retiree may elect to remain on District's group medical plan upon exhaustion of District provided medical benefit provided they self-pay the full amount (100%) of the required premiums.

Administrators retired prior to July 1, 2015:

Continued medical coverage subsidized by the District based on rate in effect the year following the year of retirement for a period of 3 years or until death of retiree. Retiree may elect to remain on District's group medical plan upon exhaustion of District provided medical benefit provided they self-pay the full amount (100%) of the required premiums.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Currently Receiving Benefit Payments	20
Active Employees	<u>132</u>
Total	<u><u>152</u></u>

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Employees Covered by Benefit Terms (Continued)

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

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal (Level Percentage of Salary)
Healthcare Cost Trend Rates:	7.50% Decreasing by 0.50% Per Year Down to 6.50%, then by 0.10% Per Year Down to 5.0%, and Level Thereafter.
Discount Rate:	3.50%
Inflation:	2.50%
Actuarial Assumptions:	Based on an Experience Study Conducted in 2015 Using Wisconsin Retirement System (WRS) Experiences from 2012 - 2014
Mortality Assumptions:	Wisconsin 2012 Mortality Table Adjusted for Future Mortality Improvements Using the MP-2015 Fully Generated Improvement Scale
Salary Increases:	Ranges from 0.2% to 5.6%

Discount Rate. The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	\$ 901,051
Changes for the Year:	
Service Cost	56,723
Interest	32,604
Changes of Assumptions or Benefit Payments	11,961
Net Changes	<u>(119,930)</u>
	<u>(18,642)</u>
Balance at June 30, 2020	<u>\$ 882,409</u>

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Changes in the Total OPEB Liability (Continued)

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

	1% Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	1% Increase to Discount Rate (4.5%)
Total OPEB Liability	\$ 932,095	\$ 882,409	\$ 835,681

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

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Total OPEB Liability	\$ 810,073	\$ 882,409	\$ 966,832

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$68,092. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 47,146
Changes in Assumptions	10,874	147,629
District Contributions Subsequent to the Measurement Date	137,122	-
Total	\$ 147,996	\$ 194,775

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$137,122 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

Year Ending June 30,	Expense
2021	\$ (21,235)
2022	(21,235)
2023	(21,235)
2024	(21,235)
2025	(21,235)
Thereafter	(77,726)
Total	\$ (183,901)

Payable to the OPEB Plan

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

G. Fund Equity

Nonspendable Fund Balance

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

	General
Nonspendable:	
General Fund:	
Assets Held for Resale	\$ 43,649
Total General Fund Nonspendable Fund Balance	\$ 43,649

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Restricted Fund Balance

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

Special Revenue Funds:

Restricted for:

Donations	\$ 3,555
Community Service Programs	34,281
Total Special Revenue Funds	37,836

Debt Service Funds:

Restricted for:

Debt Service	2,140,308
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Capital Projects Fund:

Restricted for:

Capital Expansion	499,465
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Total Restricted Fund Balance	\$ 2,677,609
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Minimum General Fund Balance Policy

The District has also adopted a minimum fund balance policy of 18% of General Fund Operating Expenditures. The minimum fund balance amount is calculated as follows:

Actual 2019-2020 General Fund (Funds 10 and 27)

Operating Expenditures	\$ 16,161,354
Minimum Fund Balance %	18%
Minimum Fund Balance Amount	\$ 2,909,044

The District's unassigned General Fund balance of \$4,825,457 is above the minimum fund balance amount.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Restricted Fiduciary Fund Net Position

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

Fiduciary Fund:	
Restricted for:	
Scholarships	<u>\$ 155,811</u>

Net Position

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

Governmental Activities:	
Restricted for:	
Donations	\$ 3,555
Community Service Programs	34,281
Debt Service	1,972,808
Capital Expansion	499,465
Pension Asset	1,796,300
Total Governmental Activities Restricted Net Position	<u>\$ 4,306,409</u>

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

B. Contingencies

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Contingencies (Continued)

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

C. Limitation on School District Revenues

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

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

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

D. Upcoming Accounting Pronouncements

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

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

E. COVID Risks and Uncertainties

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Property Taxes	\$ 8,865,661	\$ 8,865,661	\$ 8,865,661	\$ -
Other Local Sources	519,950	519,950	448,685	(71,265)
Interdistrict Sources	976,118	976,118	975,929	(189)
State Sources	4,770,761	4,770,761	4,789,675	18,914
Federal Sources	245,616	245,616	315,704	70,088
Other Sources	49,000	49,000	32,843	(16,157)
Total Revenues	<u>15,427,106</u>	<u>15,427,106</u>	<u>15,428,497</u>	<u>1,391</u>
EXPENDITURES:				
Instruction:				
Regular Instruction	4,180,089	4,180,089	4,096,434	83,655
Vocational Instruction	1,110,261	1,110,261	1,104,626	5,635
Other Instruction	1,097,172	1,097,172	1,078,564	18,608
Total Instruction	<u>6,387,522</u>	<u>6,387,522</u>	<u>6,279,624</u>	<u>107,898</u>
Support Services:				
Pupil Services	773,438	773,438	748,078	25,360
Instructional Staff Services	995,985	995,985	1,062,051	(66,066)
General Administration Services	429,322	429,322	440,177	(10,855)
School Administration Services	536,210	536,210	560,329	(24,119)
Business Services	436,131	436,131	411,622	24,509
Operations and Maintenance of Plant	2,070,695	2,070,695	1,982,418	88,277
Pupil Transportation Services	521,670	521,670	377,867	143,803
Central Services	52,032	52,032	38,310	13,722
Insurance	160,651	160,651	160,341	310
Other Support Services	411,284	411,284	585,493	(174,209)
Total Support Services	<u>6,387,418</u>	<u>6,387,418</u>	<u>6,366,686</u>	<u>20,732</u>

See accompanying Notes to Required Supplementary Information.

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

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Nonprogram:				
General Tuition Payments	\$ 972,665	\$ 972,665	\$ 952,945	\$ 19,720
Co-Curricular Cooperative Program	12,000	12,000	-	12,000
Adjustments and Refunds	-	-	21,079	(21,079)
Voucher Payments	-	-	8,692	(8,692)
Revenue Transits to Others	-	-	3,135	(3,135)
Total Nonprogram	<u>984,665</u>	<u>984,665</u>	<u>985,851</u>	<u>(1,186)</u>
Total Expenditures	<u>13,759,605</u>	<u>13,759,605</u>	<u>13,632,161</u>	<u>127,444</u>
Excess of Revenues Over Expenditures	1,667,501	1,667,501	1,796,336	128,835
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	12,000	12,000	17,765	5,765
Transfers In	-	-	899	899
Transfers Out	<u>(1,585,617)</u>	<u>(1,585,617)</u>	<u>(1,494,487)</u>	<u>91,130</u>
Total Other Financing Sources (Uses)	<u>(1,573,617)</u>	<u>(1,573,617)</u>	<u>(1,475,823)</u>	<u>97,794</u>
NET CHANGE IN FUND BALANCE	93,884	93,884	320,513	226,629
Fund Balance - Beginning of Year	<u>4,548,593</u>	<u>4,548,593</u>	<u>4,548,593</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 4,642,477</u></u>	<u><u>\$ 4,642,477</u></u>	<u><u>\$ 4,869,106</u></u>	<u><u>\$ 226,629</u></u>

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND –
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interdistrict Sources	\$ 155,000	\$ 155,000	\$ 150,000	\$ (5,000)
Intermediate Sources	6,000	6,000	10,533	4,533
State Sources	650,000	650,000	732,878	82,878
Federal Sources	197,327	197,327	163,385	(33,942)
Total Revenues	<u>1,008,327</u>	<u>1,008,327</u>	<u>1,056,796</u>	<u>48,469</u>
EXPENDITURES				
Instruction:				
Special Education Instruction	1,820,630	1,820,630	1,839,440	(18,810)
Support Services:				
Pupil Services	350,759	350,759	351,504	(745)
Instructional Staff Services	215,645	215,645	215,864	(219)
Pupil Transportation Services	84,453	84,453	74,949	9,504
Central Services	8,891	8,891	5,622	3,269
Other Support Services	870	870	-	870
Total Support Services	<u>660,618</u>	<u>660,618</u>	<u>647,939</u>	<u>12,679</u>
Nonprogram:				
Special Education Tuition Payments	114,200	114,200	41,814	72,386
Total Expenditures	<u>2,595,448</u>	<u>2,595,448</u>	<u>2,529,193</u>	<u>66,255</u>
Excess of Revenues Under Expenditures	(1,587,121)	(1,587,121)	(1,472,397)	114,724
OTHER FINANCING SOURCES				
Transfers In	<u>1,587,121</u>	<u>1,587,121</u>	<u>1,472,397</u>	<u>(114,724)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service Cost	\$ 56,723	\$ 66,445	\$ 71,251
Interest	32,604	38,739	35,314
Differences Between Expected and Actual Experience	-	(57,624)	-
Changes of Assumptions	11,961	(154,314)	(30,535)
Benefit Payments	<u>(119,930)</u>	<u>(131,618)</u>	<u>(156,307)</u>
Net Change in Total OPEB Liability	(18,642)	(238,372)	(80,277)
Total OPEB Liability - Beginning	<u>901,051</u>	<u>1,139,423</u>	<u>1,219,700</u>
 Total OPEB Liability - Ending	 <u>\$ 882,409</u>	 <u>\$ 901,051</u>	 <u>\$ 1,139,423</u>
 Covered-Employee Payroll	 \$ 8,349,449	 \$ 8,349,449	 \$ 6,094,419
 District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	 10.57%	 10.79%	 18.70%

* The amounts presented for each fiscal year were determined using a measurement date of the end of the prior fiscal year end. Amounts for prior years were not available.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.05295540%	\$ (1,300,730)	\$ 7,267,174	17.90%	102.74%
12/31/15	0.05314649%	8,636,220	7,703,273	112.11%	98.20%
12/31/16	0.05465590%	450,495	8,145,634	5.53%	99.12%
12/31/17	0.05602508%	(1,663,451)	8,322,992	19.99%	102.93%
12/31/18	0.05671543%	2,017,757	8,661,675	23.30%	96.45%
12/31/19	0.05570864%	(1,796,300)	8,707,068	20.63%	102.96%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 511,678	\$ 511,678	\$ -	\$ 7,439,943	6.88%
6/30/16	535,844	535,844	-	8,025,064	6.68%
6/30/17	547,405	547,405	-	8,144,633	6.72%
6/30/18	579,668	579,668	-	8,601,139	6.74%
6/30/19	576,174	576,174	-	8,717,451	6.61%
6/30/20	585,466	585,466	-	8,775,604	6.67%

See accompanying Notes to Required Supplementary Information.

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

There were no changes of benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Plan does not issue separate financial statements.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end. The District is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

NOTE 2 WISCONSIN RETIREMENT SYSTEM

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

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

The District is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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

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

Budgetary Information

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information (Continued)

	<u>General</u>	<u>Special Education</u>
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 15,428,497	\$ 1,056,796
Reclassification of Special Education	1,056,796	(1,056,796)
Total Revenues	<u>16,485,293</u>	<u>-</u>
Expenditures:		
Actual Amounts (Budgetary Basis)	13,632,161	2,529,193
Reclassification of Special Education	2,529,193	(2,529,193)
Total Expenditures	<u>16,161,354</u>	<u>-</u>
Excess of Revenues Over (Under)		
Expenditures		
Actual Amounts (Budgetary Basis)	1,796,336	(1,472,397)
Reclassification of Special Education	(1,472,397)	1,472,397
Excess of Revenues Over (Under) Expenditures	<u>323,939</u>	<u>-</u>
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(1,475,823)	1,472,397
Reclassification of Special Education	1,472,397	(1,472,397)
Total Other Financing Sources (Uses)	<u>(3,426)</u>	<u>-</u>
Net Change In Fund Balance:		
Actual Amounts (Budgetary Basis)	<u>320,513</u>	<u>-</u>
Fund Balance - July 1		
Actual Amounts (Budgetary Basis)	<u>4,548,593</u>	<u>-</u>
Fund Balance - June 30		
Actual Amounts (Budgetary Basis)	<u>\$ 4,869,106</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue			
	Donations	Food Service	Community Service	Cooperative Package
ASSETS				
Cash and Investments	\$ 3,555	\$ -	\$ 34,281	\$ -
Receivables:				
Taxes	-	-	-	-
Due from Other Governments	-	-	-	1,216
Total Assets	\$ 3,555	\$ -	\$ 34,281	\$ 1,216
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Other Funds	-	-	-	1,216
FUND BALANCES				
Restricted	3,555	-	34,281	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,555	\$ -	\$ 34,281	\$ 1,216

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

Capital Projects Capital Expansion	Total Nonmajor Governmental Funds
\$ 499,465	\$ 620,776
-	89,000
-	1,216
\$ 499,465	\$ 710,992
\$ -	\$ 1,216
499,465	709,776
\$ 499,465	\$ 710,992

See accompanying Notes to Supplementary Information

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Special Revenue			
	Donations	Food Service	Community Service	Cooperative Package
REVENUES				
Property Taxes	\$ -	\$ -	\$ 50,000	\$ -
Other Local Sources	2,500	344,551	29,706	-
Interdistrict Sources	-	-	-	6,905
State Sources	-	-	-	16,649
Federal Sources	-	8,626	-	-
Total Revenues	<u>2,500</u>	<u>353,177</u>	<u>79,706</u>	<u>23,554</u>
EXPENDITURES				
Support Services:				
Pupil Services	-	-	-	6,905
Instructional Staff Services	-	-	-	15,750
School Administration Services	432	-	36,549	-
Operations and Maintenance of Plant	-	10,543	-	-
Food Services	-	404,968	-	-
Central Services	-	673	-	-
Insurance	-	-	25	-
Other Support Services	-	2,422	-	-
Total Support Services	<u>432</u>	<u>418,606</u>	<u>36,574</u>	<u>22,655</u>
Debt Service:				
Interest and Fiscal Charges	-	-	-	-
Community Service	-	-	73,077	-
Nonprogram:				
Adjustments and Refunds	-	-	90	-
Total Expenditures	<u>432</u>	<u>418,606</u>	<u>109,741</u>	<u>22,655</u>
Excess Of Revenues Over (Under) Expenditures	2,068	(65,429)	(30,035)	899
OTHER FINANCING SOURCES (USES)				
Transfers In	-	22,090	-	-
Transfers Out	-	-	-	(899)
Total Other Financing Sources (Uses)	<u>-</u>	<u>22,090</u>	<u>-</u>	<u>(899)</u>
NET CHANGE IN FUND BALANCES	2,068	(43,339)	(30,035)	-
Fund Balances - Beginning of Year	<u>1,487</u>	<u>43,339</u>	<u>64,316</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,555</u>	<u>\$ -</u>	<u>\$ 34,281</u>	<u>\$ -</u>

See accompanying Notes to Supplementary Information

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

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Nonreferendum</u>	<u>Capital Expansion</u>	
\$ 89,000	\$ -	\$ 139,000
461	4,550	381,768
-	-	6,905
-	-	16,649
-	-	8,626
<u>89,461</u>	<u>4,550</u>	<u>552,948</u>
-	-	6,905
-	-	15,750
-	-	36,981
-	-	10,543
-	-	404,968
-	-	673
-	-	25
-	-	2,422
-	-	<u>478,267</u>
88,999	-	88,999
-	-	73,077
<u>-</u>	<u>-</u>	<u>90</u>
<u>88,999</u>	<u>-</u>	<u>640,433</u>
462	4,550	(87,485)
-	-	22,090
-	-	(899)
<u>-</u>	<u>-</u>	<u>21,191</u>
462	4,550	(66,294)
<u>172,013</u>	<u>494,915</u>	<u>776,070</u>
<u>\$ 172,475</u>	<u>\$ 499,465</u>	<u>\$ 709,776</u>

See accompanying Notes to Supplementary Information

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



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

Board of Education
Wilmot Union High School District
Wilmot, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilmot Union High School District, Wilmot, Wisconsin (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying summary of audit results as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Wilmot Union School District’s Response to Finding

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 25, 2020

FEDERAL AND STATE AWARDS



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

Board of Education
Wilmot Union High School District
Wilmot, Wisconsin

Report on Compliance for Each Major State Program

We have audited Wilmot Union High School District (the District's) compliance with the types of compliance requirements described in 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 the District's major state programs for the year ended June 30, 2020. The District's major state programs are identified in the accompanying summary of auditors' results.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; and the compliance requirements of the Wisconsin Department of Public Instruction in the *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 a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 25, 2020

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/19	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/20	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
Child Nutrition Cluster								
Special Milk Program for Children	10.556	WI DPI	2020-306545-DPI-SMP-548	\$ -	\$ 8,626	\$ -	\$ 8,626	\$ -
Total U.S. Department of Agriculture				-	8,626	-	8,626	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2019-306545-TIA-141	(73,707)	73,707	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-306545-TIA-141	-	90,582	10,266	100,848	-
Special Education Cluster								
Special Education Grants to States	84.027	WI DPI	2019-306545-IDEA-FT-341	(77,020)	77,020	-	-	-
Special Education Grants to States	84.027	WI DPI	2020-306545-DPI-IDEA-F-341	-	158,149	5,236	163,385	-
Total Special Education Grants to States				(77,020)	235,169	5,236	163,385	-
Carl Perkins Act Formula Allocation Grant	84.048	WI DPI	2020-306545-CTE-400	(23,711)	23,711	14,353	14,353	-
Improving Teacher Quality State Grants	84.367	WI DPI	2020-306545-TIIA-365	(11,075)	39,675	-	28,600	-
Title IV-A Student Support and Acad Enrich Grant	84.424	WI DPI	2020-306545-TIVA-DPI-381	(14,515)	30,000	-	15,485	-
Total U.S. Department of Education				(200,028)	492,844	29,855	322,671	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Medicaid Cluster								
Medical Assistance Program	93.778	WI DHS	44202800	(16,068)	169,900	2,586	156,418	-
Total U.S. Department of Health and Human Services				(16,068)	169,900	2,586	156,418	-
Total Federal Awards				<u>\$ (216,096)</u>	<u>\$ 671,370</u>	<u>\$ 32,441</u>	<u>\$ 487,715</u>	<u>\$ -</u>

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2020**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Pass-Through Identifying Number	(Accrued) Deferred Revenue 7/1/19	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/20	Total Expenditures	Subrecipient Payments
DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	306545-100	\$ -	\$ 553,645	\$ -	\$ 553,645	\$ -
Special Education and School Age Parents	255.101	CESA #2	N/A	-	10,533	-	10,533	-
Total Special Education and School Age Parents				-	564,178	-	564,178	-
Common School Fund Library Aid	255.103	Direct Program	306545-104	-	65,435	-	65,435	-
General Transportation Aid	255.107	Direct Program	306545-102	-	38,889	-	38,889	-
Equalization Aids	255.201	Direct Program	306545-116	(71,834)	3,824,925	62,493	3,815,584	-
High Cost Special Education Aid	255.210	Direct Program	306545-119	-	179,233	-	179,233	-
Supplemental Per Pupil Aid	255.245	Direct Program	306545-181	-	3,417	-	3,417	-
Peer Review and Mentoring	255.301	Direct Program	306545-141	-	16,649	-	16,649	-
Educator Effective Evaluation System	255.940	Direct Program	306545-154	-	5,680	-	5,680	-
Per Pupil Aid	255.945	Direct Program	306545-113	-	755,356	-	755,356	-
Career and Technical Education Incentive Grants	255.950	Direct Program	306545-171	-	14,229	-	14,229	-
Total Department of Public Instruction				(71,834)	5,467,991	62,493	5,458,650	-
DEPARTMENT OF JUSTICE								
School Safety Initiative	455.206	Direct Program	2018-SS1-01-13379	(3,535)	3,535	-	-	-
Total State Awards				\$ (75,369)	\$ 5,471,526	\$ 62,493	\$ 5,458,650	\$ -

RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

State Sources	\$ 5,539,202
Less: State Sources not Considered State Awards	
State Tax Computer Aid	(77,895)
Payment in Lieu of Taxes and Other Revenues	(13,190)
Travel Allowance	
State Awards Included in:	
Intermediate Sources	10,533
Total Expenditures of State Awards	<u>\$ 5,458,650</u>

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the Wilmot Union High School District are presented in accordance with the requirements of the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction.

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2020 fund financial statements. Such expenditures are recognized following the cost principles contained in the *Wisconsin Public School District Audit Manual*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2019 - 2020 eligible costs under the State Special Education Program as reported by the District are \$2,166,755. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 OVERSIGHT AGENCIES

The Wisconsin Department of Public Instruction is the state oversight agency for the District.

NOTE 5 PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of the Auditors’ Results

Basic Financial Statements

- | | | |
|--|---|--|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| • Significant deficiency(ies) identified? | _____ <input checked="" type="checkbox"/> yes | _____ none reported |
| 3. Noncompliance material to basic financial statements noted? | _____ yes | _____ <input checked="" type="checkbox"/> no |

State Awards

- | | | |
|--|------------|---|
| 1. Internal control over state programs: | | |
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| • Significant deficiency(ies) identified? | _____ Yes | _____ <input checked="" type="checkbox"/> none reported |
| 2. Type of auditors’ report issued on compliance for major state programs | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ? | _____ Yes | _____ <input checked="" type="checkbox"/> no |

Identification of Major State Programs:

State ID Number

255.201

Name of State Program

General Aids Program Equalization Aids

Audit threshold used to determine between Type A and Type B programs:

\$250,000

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

2020-001

Control Deficiencies

Preparation of Annual Financial Report

Repeat of Finding 2019-001

Type of Finding

Significant deficiency in internal control over financial reporting.

Condition

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

Criteria

The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes

Context

The audit firm has developed reporting templates as a convenience to our clients.

Cause

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

Effect

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

Recommendation

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

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Views of Responsible Officials

Management agrees with this finding. Management believes that the cost of hiring staff to prepare year-end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received. Management will have appropriate staff review the adjusting, closing and GASB 34 conversion entries along with the prepared financial reports, as recommended, to obtain an adequate understanding of the District's financial report.

Section III – State Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction for the year ended June 30, 2020.

Section IV – Other Issues

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

4. Name and signature of partner



David Maccoux, CPA

5. Date of report

November 25, 2020