

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

JUNE 30, 2020

SCHOOL DISTRICT OF HOLMEN

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Holmen (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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 School District of Holmen, as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Wisconsin Retirement System Pension Schedules, OPEB Healthcare Defined Benefit Plan Schedules, and budgetary comparison information on pages 6 through 19 and 46 through 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining general fund financial statements, the combining and individual nonmajor fund financial statements, and the schedules of expenditures of federal awards and state financial assistance are 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 19, 2020, on our consideration of the School District of Holmen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Holmen's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
November 19, 2020

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin**

MANAGEMENT'S DISCUSSION AND ANALYSIS

School District of Holmen Management's Discussion and Analysis Year ended June 30, 2020

This section of the School District of Holmen's annual Financial Statements and Independent Auditor's Report presents the District Management's discussion and analysis of the District's financial performance during the year ending June 30, 2020. In addition, it includes discussion on how these statements and report are affected by prior financial decisions and future vision of the District's finances.

While the Financial Statements and Independent Auditor's report includes detailed information on all financial activity of the District, the Management Discussion and Analysis will attempt to summarize those facts that have been determined to be most "Noteworthy Facts" (SECTION I) and the "Required Discussion and Analysis" (SECTION II).

SECTION I Noteworthy Facts

Noteworthiness for this report is determined primarily by: deviation from budget or deviation from past trends and constituency interest. Consequently, this year's Management Discussion and Analysis focus is on two topics:

- A. Budget to Actual Variances**
- B. Focus Area – Fiscal Sustainability**

A. BUDGET TO ACTUAL VARIANCES

In reviewing budget to actual variances, the following criteria have been set to determine variances that will receive further explanation here. Criteria are:

- Line item variance amounts (Final Budget to Actual) that are greater than .5% of the corresponding total budgeted fund revenue or expense amount, OR
- Line item variance amounts (Final Budget to Actual) that are greater than 10% of the corresponding budget for that line item and greater than .1% of total budgeted fund revenue or expense amount.

Based upon these criteria, the following variances, variance causes and variance reduction strategies have been identified.

The criteria the District uses to determine which variances will receive further explanation in the Management Discussion and Analysis represent high standards. These high standards are borne from the high expectations for accuracy and financial credibility in the District. Such high standards are intended to motivate the continuous improvement necessary to achieve excellence. Conversely, it should be understood that adopting criteria that exemplify such high standards, are more likely to point out relatively minor deviations from perfection.

While the budgeting process is not an exact science, every attempt has been made to formulate an original budget from the best information available. Revisions to the original budget are made several times during the year. Revisions represent updates to revenue projections by local, state and federal agencies as confirmed throughout the fiscal year. Expenditure revisions are made as the actual costs associated with the following become known: capital improvement projects, enrollment driven staffing, special needs student staffing, leave benefits utilization by staff and benefits elections by staff, utility rates, fuel rates, etc.

General Fund (See page 48)

The District finished the fiscal year with actual revenues of \$53,402,443, which are \$1,923,617 more than actual expenditures of \$51,478,826. The budgeted surplus was \$1,023,470. The actual \$1,923,617 surplus increases the General Fund balance as of 06/30/20, bringing the total balance to \$16,404,390. Surplus is associated with intentional set aside for the completion of the Safety and Security two stage entry projects at Viking Elementary in 2020-21. Restricted fund balance is for the operational sinking funds and committed fund balance is for retiree severance obligations. Remaining surplus is added to the assigned and unassigned general fund balances.

Budget Lines	Variance Amounts Favorable (Unfavorable)	Cause of Variances	Variance Reduction Strategies
Revenues – Other Local	\$69,631	With the receipt of a school bus award, general fund gifts exceeded budget expectations. Student fee revenue also exceeded estimates.	Budget revisions may include substantial year to date gifts received into the general fund. Most gifts and donations are accounted for in the special projects Fund 21. Conservative gift revenue budgeting will continue to be proposed due to the uncertainty of gift revenue in the general fund.
Revenues – Other Sources	101,500	The budget under estimated revenue associated with prior year refunds and adjustments.	A conservative other source revenue budget will continue to be proposed due to the uncertainty of refunds.
Expenditures – Central Services	\$89,213	Savings in general supply, postage, paper and professional development costs associated with 4 th quarter building closure contributed to the central services budget underspend in 2019-20.	Supply budgets vary annually. The one time variance is primarily due to the pandemic closure and does not necessitate a reduction strategy. Professional development budgets are at the discretion of the program supervisor, allowing for flexibility within the program budget. A variance reduction strategy is also not necessary.
Expenditures- Total Expenditures	\$698,380	The total expenditure variance exceeding 0.5% of the total expenditure budget criteria is due to the closure of district buildings and transition to virtual learning the entire 4 th quarter 2019-20.	A permanent variance reduction strategy is not necessary. Continued closure of in-person learning in 2020-21 may necessitate an adjustment to the general expenditure budget for specific line items to reflect anticipated over/under spend related to operating during the pandemic.

Special Education Fund

Audit standards no longer require a separate "Variance to Final Budget" report for the Special Education Fund. (See page 48 "Budget and Actual – General Fund and Special Education Fund" for details on the Special Education Fund line item budget and actual information).

Debt Service Fund (See Note 4 and the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds page 23).

The Debt Service Fund experienced a decrease in fund balance from the 06/30/19 balance of \$5,187,102 (\$3,873,417+ \$1,313,685 bond premium revenue) to a 06/30/20 balance of \$2,704,776.

Referendum Debt

The Referendum Debt budget called for a \$1,171,183 decrease in Fund Balance. The actual net change in fund balance was a decrease of \$1,168,641, a budget variance of \$2,542. The use of fund balance and debt defeasance is a planned strategy based on a predetermined long-term debt schedule.

Non-Referendum Debt (No fund activity to report)

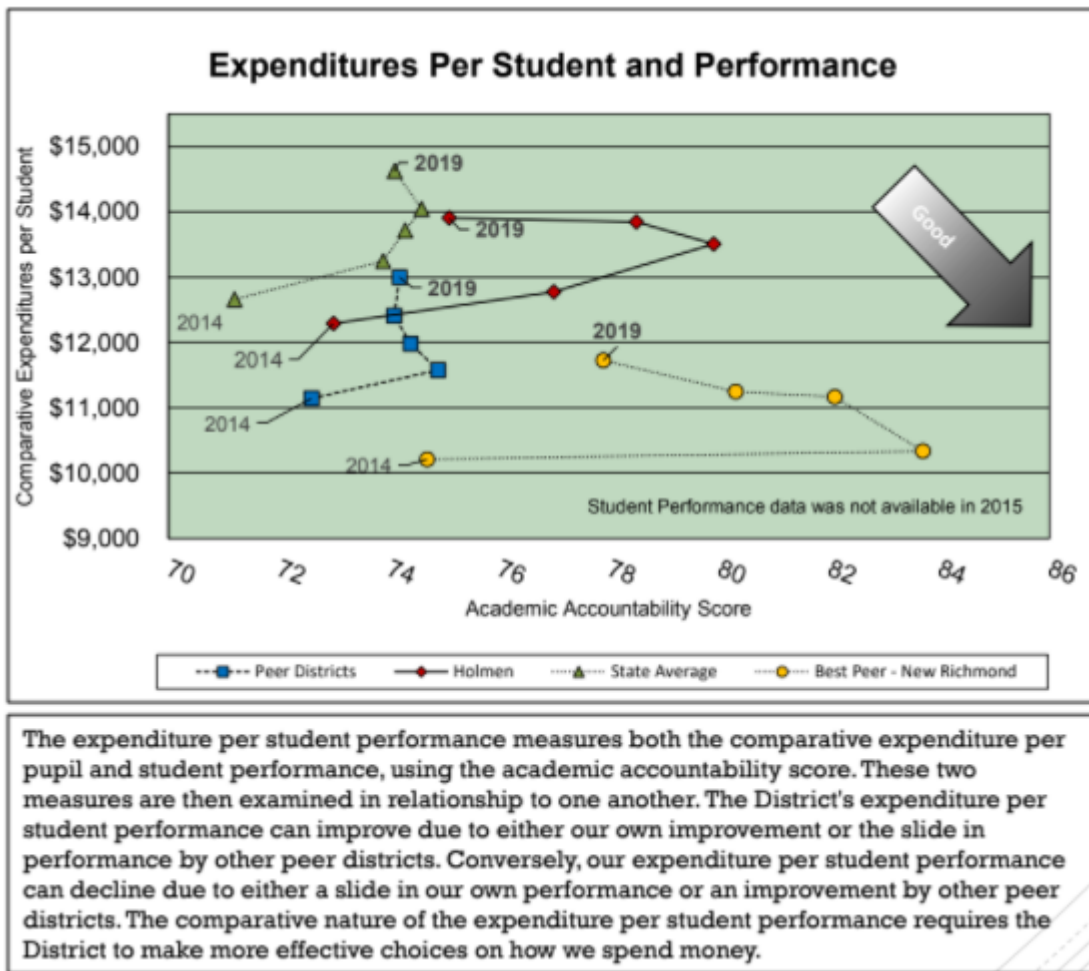
Capital Projects Fund

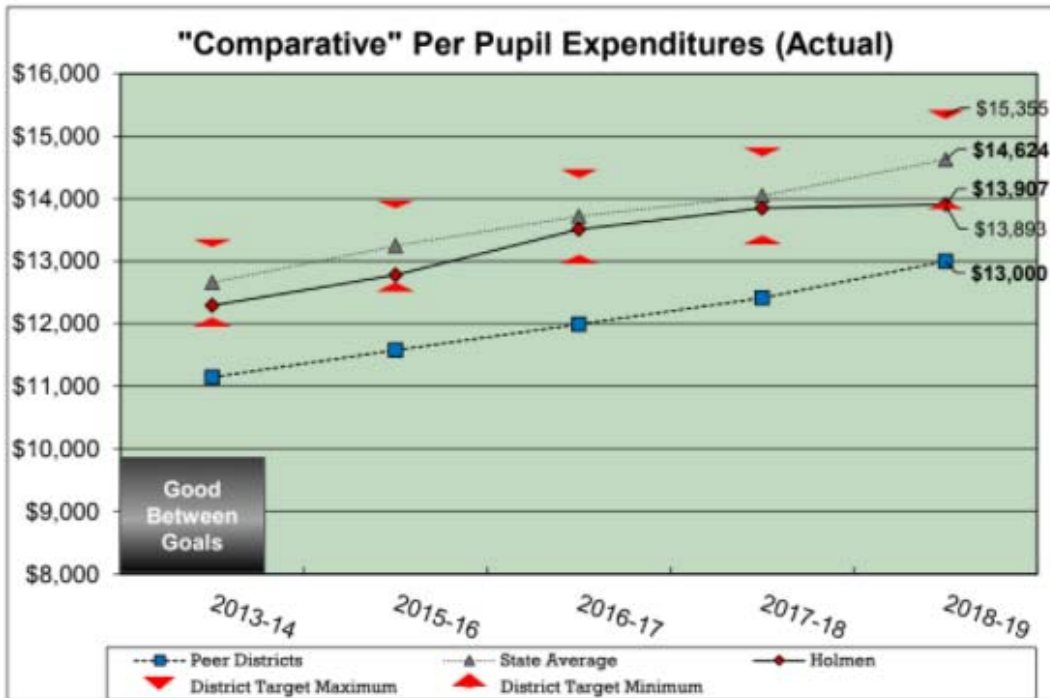
The Capital Projects Fund budget called for a \$14,656,893 decrease in Fund Balance. The actual net change in fund balance was a decrease of \$14,714,263, a budget variance of \$57,370. The decrease is due to the expenditure of the bond proceeds on construction, furniture, fixtures and equipment for the addition and remodel project at Holmen High School. The variance in budget to actual fund balance is due to uncertain timing of contractor services rendered and invoices paid.

B. FOCUS AREA – FISCAL

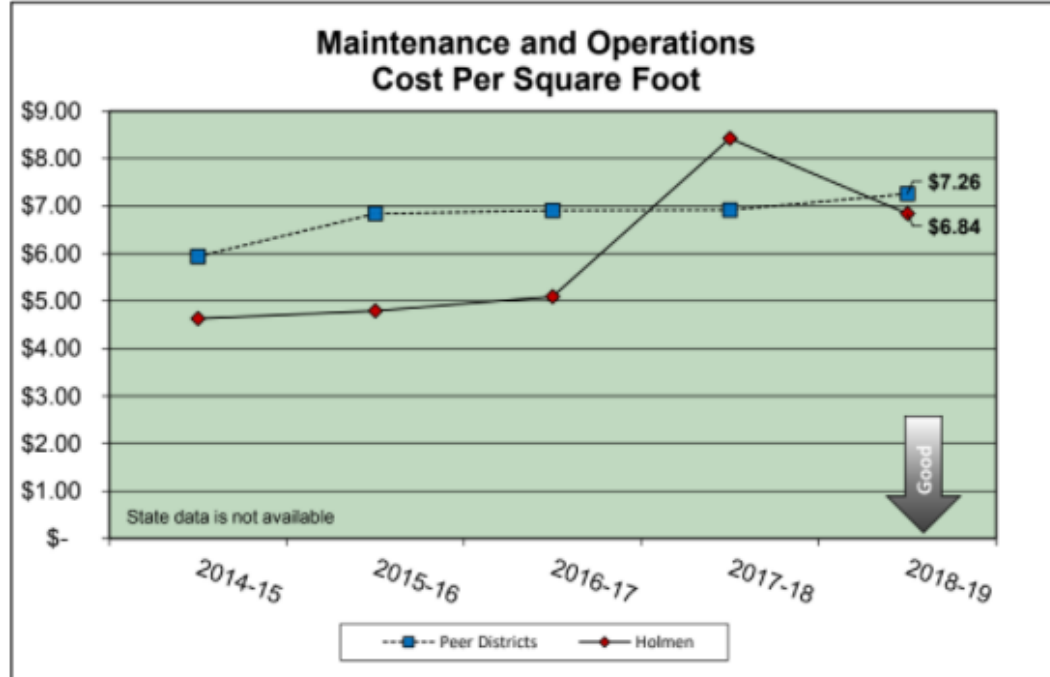
Since 2005, specific reporting has taken place on District-defined Financial Performance Results. In 2017-18, the School District of Holmen, along with input from our Board of Education, staff and students, refined what the stakeholders deem as most important to the success of a student in Holmen. As a result, a District Dashboard was developed. The Dashboard communicates our District story by showing areas of strength and opportunities for improvement. The Dashboard is organized by our five focus areas (1) Student Learning, (2) Fiscal, (3) Workforce, (4) Customer/Stakeholder Engagement, and (5) Health and Safety. Several measures for each of these focus areas can be found in the School District of Holmen Annual Report.

The eight Financial Performance Results measures are presented below:

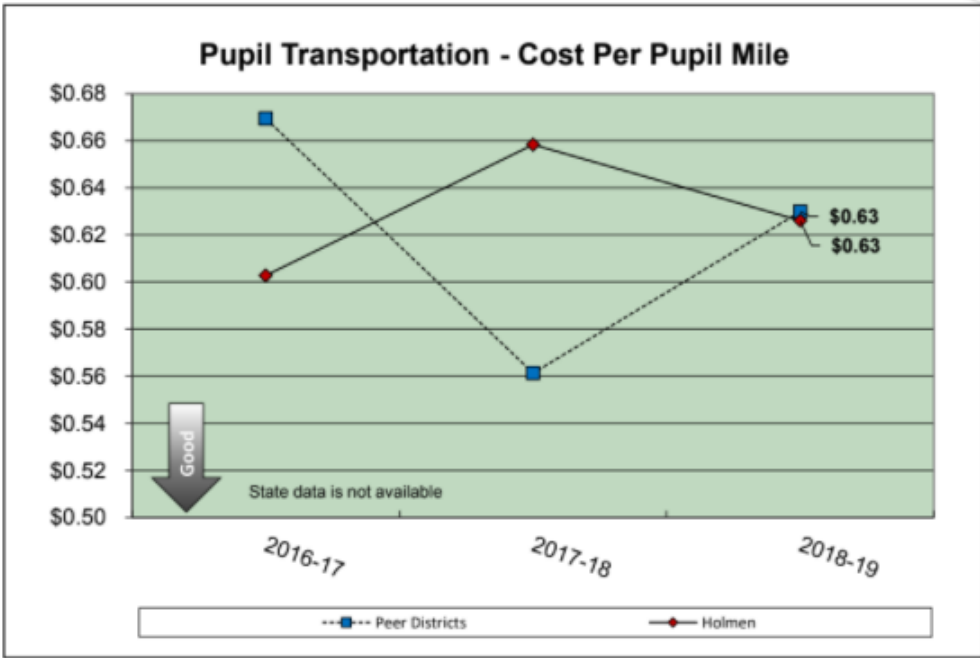




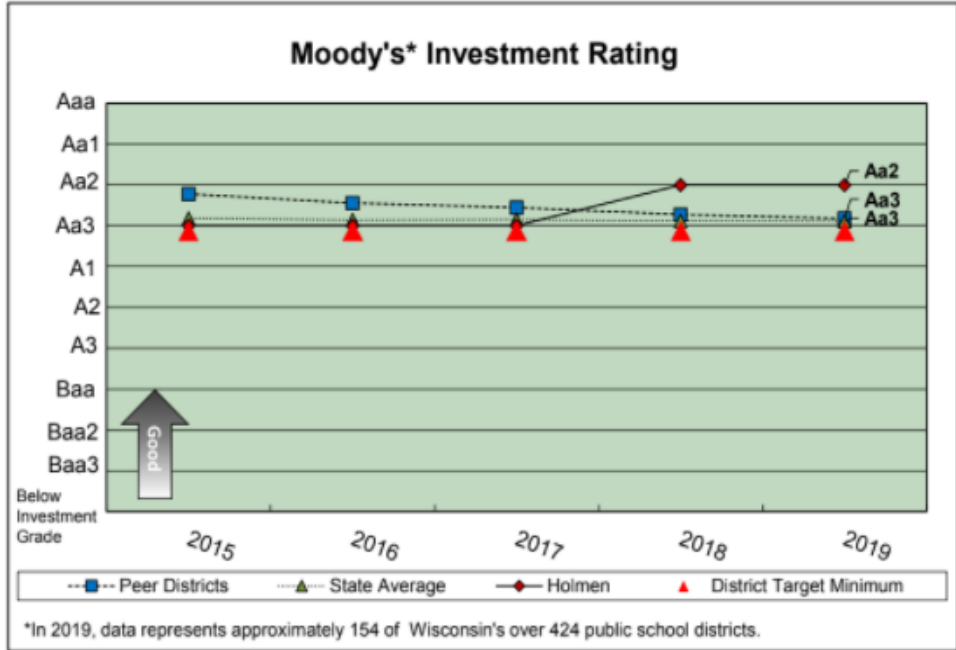
The "Comparative" Per Pupil Expenditures (Actual) is a lagging indicator that measures the financial resources that were applied to deliver services to pupils. "Comparative" values exclude from the total cost the following expenditures: transportation, capital, debt, and miscellaneous expenditures. The "comparative" measure accounts more specifically for those controllable costs directly associated with servicing students.



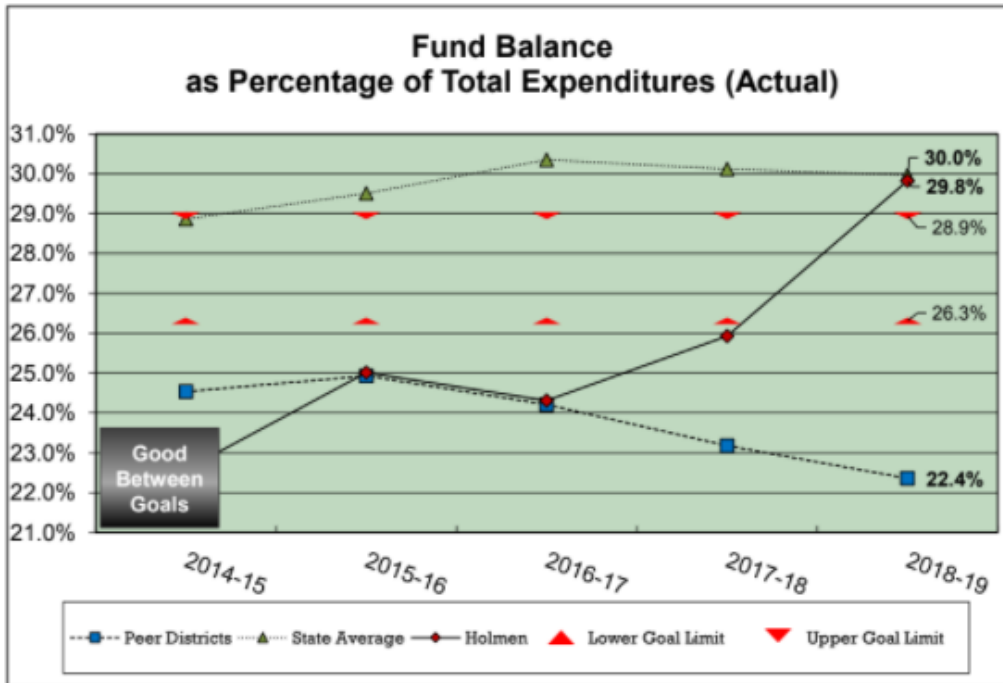
The Maintenance and Operations Cost Per Square Foot is a measure that compares Holmen's cost per square foot for maintenance operations, to that of our peer districts. The importance of this measure is to track our costs compared to our peers to ensure efficiency of operations, yet have the funding required to effectively maintain the fixed assets within the District. The cost of maintenance and operations have been consistently lower than our peers for several years. The sharp increase from 2016-17 is attributable to the District Office addition and safety initiatives that were assigned to the maintenance and facilities portion of the budget. 2018-19 still included safety initiatives not normally reported in maintenance and operations. The Holmen cost per square foot was \$6.84 in 2018-19.



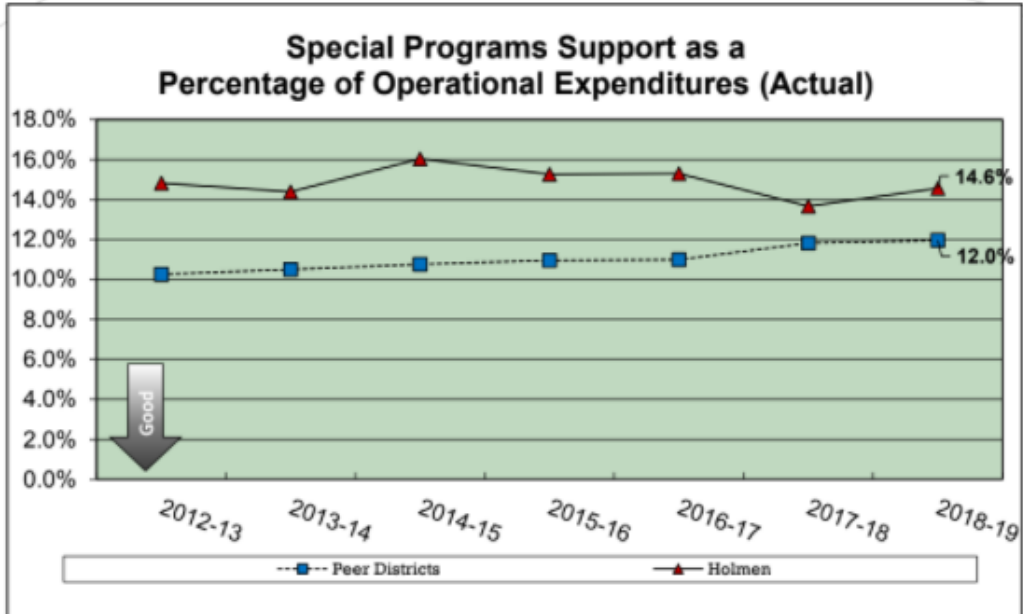
The cost efficiency of the ride to and from school can be measured by the Cost Per Pupil Mile. The School District of Holmen parents, students, staff and community stakeholders have identified cost as a key performance factor in delivery of transportation services. Cost efficiency, while maintaining quality, defines the value of transportation services. This shows the School District of Holmen's transportation service is a good value to the stakeholders of the District. Cost went up in 2017-18 due to extra money added to the transportation budget for three extra buses purchased at the end of the fiscal year. 2018-19 shows us right on track with our peer district average.



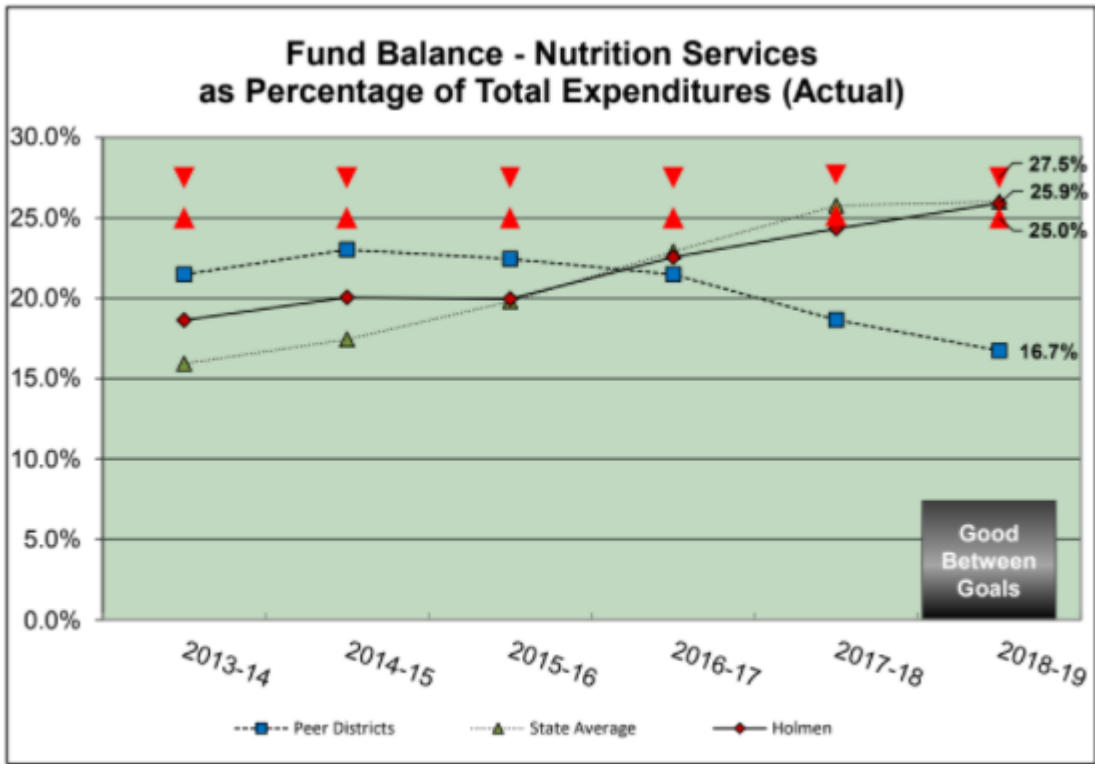
Moody's Investment Rating is a lagging indicator that measures the District's financial stability. Moody's is an international ratings firm. As a third party, Moody's collects data on organizations such as schools. Moody's evaluates the data and then assigns a standardized rating of Aaa, Aa, A or Baa. The highest category is Aaa and is given to organizations with the highest financial stability. There are further rating breakdowns within the Aa, A and Baa categories. This further breakdown is accomplished by assigning a numeric value of 1, 2 or 3 with 1 being the highest and 3 being the lowest rating. An A1 rating is better than an A3 rating. For districts that are frequently bonding to fund construction of new facilities, a high Moody's rating is important. A high rating positively influences the interest rate on the bonds.



The Fund Balance as a Percentage of Total Expenditures (FBPTE) is a leading indicator that measures the overall financial stability of an organization. Financial stability and affluence is not the same thing. Just as a person can be poor yet remain financially stable, so can a school district. Financial stability comes from properly managing the more limited resources available.



Revenue and expenditures related to students with exceptional education needs are recorded in a separate fund account. This account is not allowed to end a fiscal year in a deficit position. Federal and state special education revenue sources do not adequately support special programs. A transfer from the general operational fund account is necessary to support the cost of delivering special programs. The Special Programs Support as a Percentage of the Operational Expenditure indicates that the School District of Holmen spends 2% more of its operational budget on special programs than its peer districts. This decline in Holmen's % from 15.3 to 13.7 is due to a combination of events. The District received non-recurring operational referendum funding for safety and security in 2017-18 and 2018-19. This decrease will not be sustained once the safety and security projects are completed and the annual general fund operational budget returns to its lower amount. This measure requires the District to analyze more effective choices on how we spend money, while still meeting the needs of all students.



The Fund Balance as a Percentage of Total Expenditures is a leading indicator that measures the overall financial stability of the Nutrition Services Program. Financial stability comes from properly managing the limited resources available.

SECTION II Required Discussion and Analysis

The Required Discussion and Analysis portion of this document comprises four topic areas. They are:

- **A. Overview of the Financial Statement**
- **B. Financial Analysis of the District as a Whole**
- **C. Non-current Assets**
- **D. Long-Term Debt**

A. OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

District-wide Financial Statements

- The District-wide financial statements are the STATEMENT OF NET POSITION (See page 20) and STATEMENT OF ACTIVITIES (See page 21). These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Beginning in 2020, functions/programs were combined into Governmental Activities. In prior years, Nutrition Services was separated into Business Type Activities. With the exception of Nutrition Services, Governmental Activities are financially mainly supported by property taxes and inter-governmental revenues. Nutrition Services is intended to cover all, or a significant portion of, costs through user fees and charges.
- The STATEMENT OF NET POSITION presents information on all of the District's assets and liabilities, with the difference between the two reported as NET POSITION. Fiscal year end 2020 Total Assets valued at \$97,950,470 is more than the value of \$90,641,256 twelve months earlier. This represents a one-year increase of 8.06%.
- The STATEMENT OF ACTIVITIES presents information showing how the District's NET POSITION changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year. The NET POSITION for the year of \$52,654,394 is an increase of 10.95% over the \$47,455,197 prior year amount.

Fund Financial Statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the District-wide statements and provide information that may be useful in evaluating a District's near-term financing requirements.
- There are two fund financial statements, the BALANCE SHEET - GOVERNMENTAL FUNDS (See page 22) and the STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (See page 23). Generally, balance sheet reports provide a snapshot as of June 30th, which summarizes assets, liabilities, and the impact on fund balance. The STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS provides additional information on inflows and outflows that affected fund balance.
- Because the focus of fund financial statements is narrower than that of the District-wide statements, it is useful to make a comparison between the information presented. This helps readers better understand the long-term implication of the government's near-term financial decisions.

- The RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (See page 24) reconciles the “TOTAL FUND BALANCE” as shown on the BALANCE SHEET - GOVERNMENTAL FUNDS (See page 22), to the Governmental Activities “Total Net Position” as shown on the STATEMENT OF NET POSITION (See page 20). This reconciliation adjusts for the balance sheet difference between financial reporting and fund accounting.
- The RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (See page 24) provides financial information to adjust for the difference between the revenues/expenditures and how they are presented in financial reporting and fund accounting.
- The District has two types of funds: governmental and fiduciary. Governmental funds include the General, Special Revenue, Special Education, Debt Service, Capital Projects and Food Service. The District has two fiduciary funds, a trust fund for student scholarships and a fund for student organizations and clubs.
- Financial information is presented in separate columns on both the BALANCE SHEET – GOVERNMENTAL FUNDS (See page 22 and the STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS (See page 23) for the general and debt service funds as these are considered to be major funds. Capital Projects funds is also reported here as a separate column in years where the District had Capital Projects financial activity. Data for the Special Revenue Fund and Food Service Fund are reported in the “Non-Major Governmental Funds” column as these are considered non-major funds. While not present in this reporting period, other non-major funds might include a combination of Special Revenue Trust Fund, Pupil Activities – Agency Fund, Package Cooperative Fund, Capital Expansion Funds and others. Data for these individual non-major funds is provided separately as supplementary information (See pages 50-51).
- The District serves as a trustee, or fiduciary, for student scholarships and student organizations. The assets of these organizations do not directly benefit, nor, are under the direct control of the District. The District’s responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations. The STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS and the STATEMENT OF CHANGES IN NET POSTION – FIDUCIARY FUNDS are presented and prepared separately in an abbreviated format (See pages 25 and 26 respectively).
- The District opted for a “pay-as-you-go” method for other post-employment benefits. A schedule of funding progress for Wisconsin Retirement System Pension (Note 5 page 36-40), Other Post-Employment Benefits (OPEB) (Note 6 page 40-43) and Net Position and Fund Balances (Note 7 page 43-44) is available as of 2019-20.
- The District adopts an annual appropriation budget for every fund it administers. Budget comparisons are provided for the major funds and present the original, revised and actual amounts in each major program area (See page 48).

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

B. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, provides a summary of the District's NET POSITION (See page 20) for the year ended June 30, 2020.

Table 1			
Condensed NET POSITION			
(in thousands of dollars)			
	Total School District 2019	Total School District 2020	Change
Current Assets	\$45,426.45	\$55,430.90	\$10,004.45
Noncurrent Assets	\$45,214.81	\$42,519.57	(\$2,695.24)
Total assets	\$90,641.26	\$97,950.47	\$7,309.21
Deferred Outflows of Resources	\$16,723.26	\$12,686.78	\$4,036.48
Current Liabilities	\$7,996.02	\$7,798.43	(\$197.59)
Noncurrent Liabilities	\$40,314.86	\$30,745.27	(\$9,569.59)
Total Liabilities	\$48,310.87	\$38,543.70	(\$9,767.17)
Deferred Inflows of Resources	\$11,598.45	\$19,439.16	\$7,840.71
NET POSITION			
Net Investment in Capital Assets	\$9,176.81	\$29,340.29	\$20,163.48
Restricted	\$31,924.00	\$19,431.20	(\$12,492.80)
Unrestricted	\$6,354.39	\$3,882.90	(\$2,471.49)
Total NET POSITION	\$47,455.20	\$52,654.39	\$5,199.19

Note: There may be a slight variance in totals due to rounding.

Between June 30, 2019 and June 30, 2020, "Total Assets" increased by \$7,309,210 or 8.06%, and "Total Liabilities" decreased by \$9,767,178 or -20.22%.

- The change in "Total Liabilities" came from a decrease in "Current Liabilities" of -2.47% and a decrease in "Noncurrent Liabilities" of -23.74%. Within "Liabilities" the current portion of long-term obligations decreased by \$2,158,000. The non-current portion of long-term obligations increased from \$30,728,327 to \$30,745,266. Total liabilities decreased by \$9,767,178 primarily due to a reduction in long-term obligations and decrease in the Wisconsin Retirement System net pension liability (asset) over prior year (Note 1 page 31, Note 4 page 34 and Note 5 page 37). The net pension liability (asset) influences a net increase in total assets from \$90,641,256 to \$97,950,470 as of 06/30/20.
- "Total NET POSITION" increased by a total of \$5,199,190 or 10.96%. This included an increase in Net Investment in Capital Assets of \$20,163,480 and an increase for Special Revenue \$1,466,505 and Other Activities \$5,046,178. This also includes a net decrease for restricted for pension of \$1,231,268, restricted Debt Service \$2,482,326, restricted Food Service \$577,617, restricted Capital Project \$14,714,264, and Unrestricted \$2,471,491.

Table 2 provides summarized operating results and their impact on the change in NET POSITION (See page 21). All of the governmental activities contribute to the District's financial position in relation to NET POSITION. The largest increase in revenues was state aid (see below "Federal & State Aid Not Restricted") allocated to schools and property tax revenue (see below "Property Taxes" under General Revenue).

In expenditures, the "Business Administration Services" increased, primarily due to the consolidation of the "Business Type Activity – Food Service" into governmental activities. "Interest and Fiscal Charges", "Insurance" and "Non-Program" expenses also increased. "Instruction", "Pupil & Instructional Staff Services", "General and Building Administration", "Central Services" and "Other Support Services" categories decreased. As shown in Table 2, several expense categories realized savings over prior year due to the closure of in-person school in March 2020 caused by the COVID-19 pandemic.

Table 2
Statement of Activities – Summary/Comparison
(in thousands of dollars)

	Total School District 2019	Total School District 2020	Change
REVENUES			
Program Revenues			
Charges for Services	\$2197.31	\$1,952.04	(\$245.27)
Operating Grants & Contributions	\$6227.17	\$5,088.57	(\$1,138.60)
Capital Grants & Contributions	\$0.00	\$0.00	\$0.00
General Revenues			
Property Taxes	\$18,637.23	\$19,808.04	\$1,170.81
Community Service	\$0.00	\$0.00	\$0.00
Federal & State Aid Not Restricted	\$32,293.83	\$33,251.01	\$957.18
Other	\$3,271.79	\$2,582.91	(\$688.88)
Total Revenues	\$62,627.33	\$62,682.57	\$55.24
EXPENSES			
Instruction	\$30,585.42	\$28,667.58	(\$1,917.84)
Pupil & Instructional Staff Services	\$6,621.75	\$6,090.22	(531.53)
General and Building Administration	\$2,950.16	\$2,950.12	(\$0.04)
Business Administration Services	\$6,585.39	\$8,899.86	\$2,314.47
Central Services	\$577.61	\$558.51	(\$19.10)
Interest and Fiscal Charges	\$562.03	\$1,638.81	\$1,076.78
Insurance	\$406.02	\$461.94	\$55.92
Other Support Services	\$790.18	\$772.47	(\$17.71)
Non-Program	\$4,174.68	\$4,566.06	\$391.38
Business Type Activity – Food Service	\$2,848.51		(\$2,848.51)
Unallocated Depreciation		\$1,604.18	\$1,604.18
Total Expenses	\$56,101.75	\$56,209.75	\$108.00
Increase (decrease) in NET POSITION	\$6,525.58	\$6,472.82	(\$52.76)

Note: There may be a slight variance in totals due to rounding.

C. NONCURRENT ASSETS

At the end of fiscal year 2020, the District had booked \$100,356,667 in non-current capital assets within its “Governmental Activities” accounts. These non-current assets included land, buildings, sites, furniture, equipment and construction in progress (included in “Buildings & Building Improvements”) (See Table 3 below). Total accumulated depreciation on these non-current assets was \$40,138,225. The total net capital assets is \$60,218,452. The land and construction in progress are capital assets not being depreciated. Land improvements, building and building improvements and equipment are depreciated. Detailed information about capital assets and depreciation of these assets can be found in Note 3 (See page 33-34) of the financial statements. Within this note, additions and deletions during fiscal year 2020 are itemized.

Table 3			
Noncurrent Capital Assets (Net Depreciation)			
Governmental Activities Only			
(in thousands of dollars)			
	Total School District 2019	Total School District 2020	Change
Land & Site Improvements	\$6,584.30	\$6,665.63	\$81.33
Buildings & Building Improvements	\$69,499.41	\$70,517.96	\$1,018.55
Equipment & Furniture	\$6,999.13	\$6,816.32	(\$182.81)
Construction in Progress	\$1,003.54	\$16,356.75	\$15,353.21
Accumulated Depreciation	(\$39,019.08)	(\$40,138.23)	(\$1,119.15)
Total Net Capital Assets	\$45,067.30	\$60,218.45	\$15,151.15

Note: There may be a slight variance in totals due to rounding.

D. LONG-TERM DEBT

At fiscal year-end, the District had \$34,856,501 in general obligation bonds and other long-term obligation (See Table 4 below and Note 4, starting on page 34). The decrease in general obligation bonds is 24.83% from July 1, 2019. The District refunded the 2009B series general obligation bonds in April 2020, reducing interest and term. The Governmental Activities General Obligation (G.O.) Debt decrease of \$7,168,000 is the net effect of long-term obligation reductions through principal payments and bond refunding. The District has two outstanding bonds including the 2019 GO Bond series with a 06/30/20 balance of \$20,250,000 and the 2020 GO Refunding Bond series with a 06/30/20 balance of \$8,620,000. There was an increase of \$309,561 in “Other Post Employment – Health Benefits” obligations. The District has opted for a “pay-as-you-go” method to meet post-employment benefit obligations in lieu of making additional contributions to fund anticipated future liabilities. The legal debt limit is \$189,790,839 and margin of indebtedness is \$163,625,615 as of June 30, 2020. Business Activities are being reported with Governmental Activities beginning with fiscal year 2020.

Table 4
Outstanding Long-Term Obligations
(in thousands of dollars)

	Total School District 2019	Total School District 2020	Change
Governmental Activities G.O. Debt	\$36,038.00	\$28,870.00	(\$7,168.00)
Other Governmental Activities	\$10,278.10	\$5,986.50	(\$4,291.60)
Business Activities	\$267.99	\$0.00	(\$267.99)
Total	\$46,584.09	\$34,856.50	(\$11,727.59)

Note: There may be a slight variance in totals due to rounding.

Contacting the School District of Holmen’s Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances, and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Director of Finance & Operations, (608) 526-6610, School District of Holmen, 1019 McHugh Road, Holmen, WI 54636.

SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin
BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin**

DISTRICT-WIDE FINANCIAL STATEMENTS

SCHOOL DISTRICT OF HOLMEN

STATEMENT OF NET POSITION

JUNE 30, 2020

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and investments	\$ 25,418,507
Receivables	
Accounts	83,174
Taxes	5,248,204
Due from other governments	1,232,713
Inventories	18,126
Prepays	6,664
Wisconsin Retirement System net pension	5,724,630
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	17,698,883
Capital assets being depreciated	42,519,569
TOTAL ASSETS	97,950,470
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	12,486,940
OPEB healthcare	199,838
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,686,778
TOTAL ASSETS AND DEFERRED AND OUTFLOWS OF RESOURCES	\$ 110,637,248
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	
LIABILITIES	
Accounts payable	\$ 2,275,604
Accrued liabilities	
Payroll, payroll taxes, insurance	155,242
Interest	259,006
Other	844,218
Deposits payable	133,526
Unearned revenue	19,599
Current portion of long-term obligations	4,111,235
Noncurrent portion of long-term obligations	30,745,266
TOTAL LIABILITIES	38,543,696
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	17,213,695
OPEB healthcare	2,225,463
TOTAL DEFERRED INFLOWS OF RESOURCES	19,439,158
NET POSITION	
Net investment in capital assets	29,340,285
Restricted for	
Special revenue	1,466,505
Debt service	2,704,776
Capital projects	7,983,477
Other activities	7,276,448
Unrestricted	3,882,903
TOTAL NET POSITION	52,654,394
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 110,637,248

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
GOVERNMENTAL ACTIVITIES						
Instruction						
Undifferentiated instruction	\$ 7,180,317	\$ 8,748	\$ 59,064	\$ (7,112,505)	\$ -	\$ (7,112,505)
Regular instruction	10,930,589	48,997	262,302	(10,619,290)	-	(10,619,290)
Vocational instruction	1,168,723	26,347	21,321	(1,121,055)	-	(1,121,055)
Special instruction	6,698,066	73,837	2,961,023	(3,663,206)	-	(3,663,206)
Other instruction	<u>2,689,882</u>	<u>78,049</u>	<u>592,298</u>	<u>(2,019,535)</u>	<u>-</u>	<u>(2,019,535)</u>
Total instruction	<u>28,667,577</u>	<u>235,978</u>	<u>3,896,008</u>	<u>(24,535,591)</u>	<u>-</u>	<u>(24,535,591)</u>
Support services						
Pupil services	2,617,612	-	1,796	(2,615,816)	-	(2,615,816)
Instructional staff services	3,472,610	71,127	16,551	(3,384,932)	-	(3,384,932)
General administration services	616,772	-	-	(616,772)	-	(616,772)
Building administration services	2,333,345	-	-	(2,333,345)	-	(2,333,345)
Business services	8,899,861	1,419,180	1,092,448	(6,388,233)	-	(6,388,233)
Central services	558,509	-	-	(558,509)	-	(558,509)
Insurance	461,941	-	-	(461,941)	-	(461,941)
Interest and other	1,638,814	-	-	(1,638,814)	-	(1,638,814)
Other support services	772,469	-	-	(772,469)	-	(772,469)
Unallocated depreciation	<u>1,604,176</u>	<u>-</u>	<u>-</u>	<u>(1,604,176)</u>	<u>-</u>	<u>(1,604,176)</u>
Total support services	<u>22,976,109</u>	<u>1,490,307</u>	<u>1,110,795</u>	<u>(20,375,007)</u>	<u>-</u>	<u>(20,375,007)</u>
Non-program transactions	4,566,063	225,750	81,767	(4,258,546)	-	(4,258,546)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 56,209,749</u>	<u>\$ 1,952,035</u>	<u>\$ 5,088,570</u>	<u>(49,169,144)</u>	<u>-</u>	<u>(49,169,144)</u>
GENERAL REVENUE						
Taxes						
Property taxes				19,808,040	-	19,808,040
State and federal aids not restricted to specific functions				33,251,007	-	33,251,007
Interest and investment earnings				659,681	-	659,681
Miscellaneous				<u>1,923,227</u>	<u>-</u>	<u>1,923,227</u>
TOTAL GENERAL REVENUE				<u>55,641,955</u>	<u>-</u>	<u>55,641,955</u>
CHANGE IN NET POSITION				6,472,811	-	6,472,811
NET POSITION - BEGINNING OF YEAR				46,693,131	762,066	47,455,197
PRIOR PERIOD ADJUSTMENT				(1,273,614)	-	(1,273,614)
CHANGE IN ACCOUNTING PRINCIPLE				<u>762,066</u>	<u>(762,066)</u>	<u>-</u>
NET POSITION - END OF YEAR				<u>\$ 52,654,394</u>	<u>\$ -</u>	<u>\$ 52,654,394</u>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin
FUND FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF HOLMEN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

<u>ASSETS</u>	GENERAL FUND	DEBT SERVICE REFERENDUM APPROVED	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 11,388,088	\$ 2,704,776	\$ 9,823,738	\$ 1,501,905	\$ 25,418,507
Receivables					
Accounts	53,909	-	-	29,265	83,174
Taxes	5,248,204	-	-	-	5,248,204
Due from other governments	1,113,891	-	-	118,822	1,232,713
Inventories	-	-	-	18,126	18,126
Prepays	4,739	-	-	1,925	6,664
	<u>4,739</u>	<u>-</u>	<u>-</u>	<u>1,925</u>	<u>6,664</u>
TOTAL ASSETS	<u>\$ 17,808,831</u>	<u>\$ 2,704,776</u>	<u>\$ 9,823,738</u>	<u>\$ 1,670,043</u>	<u>\$ 32,007,388</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 398,045	\$ -	\$ 1,840,261	\$ 37,298	\$ 2,275,604
Accrued payroll liabilities	986,724	-	-	12,736	999,460
Deposits payable	73	-	-	-	73
Unearned revenue	19,599	-	-	133,453	153,052
	<u>1,404,441</u>	<u>-</u>	<u>1,840,261</u>	<u>183,487</u>	<u>3,428,189</u>
TOTAL LIABILITIES	<u>1,404,441</u>	<u>-</u>	<u>1,840,261</u>	<u>183,487</u>	<u>3,428,189</u>
 FUND BALANCES					
Nonspendable	4,739	-	-	20,051	24,790
Restricted	1,551,818	2,704,776	7,983,477	1,466,505	13,706,576
Committed	1,064,280	-	-	-	1,064,280
Assigned	7,500,000	-	-	-	7,500,000
Unassigned	6,283,553	-	-	-	6,283,553
	<u>16,404,390</u>	<u>2,704,776</u>	<u>7,983,477</u>	<u>1,486,556</u>	<u>28,579,199</u>
TOTAL FUND BALANCES	<u>16,404,390</u>	<u>2,704,776</u>	<u>7,983,477</u>	<u>1,486,556</u>	<u>28,579,199</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,808,831</u>	<u>\$ 2,704,776</u>	<u>\$ 9,823,738</u>	<u>\$ 1,670,043</u>	

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

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

Governmental capital asset	\$ 100,356,677	
Governmental accumulated depreciation	<u>(40,138,225)</u>	60,218,452

Wisconsin Retirement System asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements:

997,875

Other post employment benefits deferred outflows of resources and deferred inflows of resources are not current financial resources and are not reported in fund statements:

(2,025,625)

Long-term liabilities are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	\$ (30,878,167)	
Accrued interest	(259,006)	
Vested employee benefits	(699,152)	
Net OPEB obligation	<u>(3,279,182)</u>	<u>(35,115,507)</u>

Total net position - governmental activities

\$ 52,654,394

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	GENERAL FUND	DEBT SERVICE REFERENDUM APPROVED	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Property taxes	\$ 14,498,833	\$ 5,299,207	\$ -	\$ 10,000	\$ 19,808,040
Other local sources	567,556	83,563	385,635	2,100,250	3,137,004
Interdistrict sources	1,715,900	-	-	-	1,715,900
Intermediate sources	14,706	-	-	-	14,706
State sources	35,173,224	-	-	48,148	35,221,372
Federal sources	1,277,937	-	-	1,042,050	2,319,987
Other sources	154,287	-	-	11,653	165,940
TOTAL REVENUE	53,402,443	5,382,770	385,635	3,212,101	62,382,949
EXPENDITURES					
Current					
Instruction					
Undifferentiated instruction	7,110,074	-	-	70,243	7,180,317
Regular instruction	10,927,457	-	-	17,898	10,945,355
Vocational instruction	1,164,992	-	-	6,711	1,171,703
Special instruction	6,708,476	-	-	-	6,708,476
Other instruction	2,133,349	-	-	561,668	2,695,017
Total instruction	28,044,348	-	-	656,520	28,700,868
Support services					
Pupil services	2,630,863	-	-	-	2,630,863
Instructional staff services	3,470,270	-	-	10,225	3,480,495
General administration services	513,132	-	-	7,451	520,583
Building administration services	2,353,932	-	-	-	2,353,932
Business services	6,038,664	-	6,796	2,518,826	8,564,286
Central services	559,057	-	-	949	560,006
Insurance	447,611	-	14,330	-	461,941
Other support services	769,015	-	4,459	-	773,474
Total support services	16,782,544	-	25,585	2,537,451	19,345,580
Non-program transactions	4,561,360	-	-	4,703	4,566,063
Debt Service					
Principal	-	15,788,000	-	-	15,788,000
Interest	-	1,423,019	-	-	1,423,019
Other	-	99,927	-	-	99,927
Total debt service	-	17,310,946	-	-	17,310,946
Capital outlay	2,090,574	-	15,074,314	4,062	17,168,950
TOTAL EXPENDITURES	51,478,826	17,310,946	15,099,899	3,202,736	87,092,407
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES					
	1,923,617	(11,928,176)	(14,714,264)	9,365	(24,709,458)
OTHER FINANCING (USES) SOURCES					
Refunding bonds issued	-	8,620,000	-	-	8,620,000
Premium on debt issued	-	825,850	-	-	825,850
TOTAL OTHER FINANCING (USES)	-	9,445,850	-	-	9,445,850
NET CHANGE IN FUND BALANCE	1,923,617	(2,482,326)	(14,714,264)	9,365	(15,263,608)
FUND BALANCE - BEGINNING OF YEAR	14,480,773	5,187,102	22,697,741	764,019	43,129,635
CHANGE IN ACCOUNTING PRINCIPLE	-	-	-	713,172	713,172
FUND BALANCE - END OF YEAR	\$ 16,404,390	2,704,776	7,983,477	\$ 1,486,556	\$ 28,579,199

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds \$ (15,263,608)

Amounts reported for governmental activities in the statement of activities are different

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in fund statements	\$ 17,168,950	
Less noncapitalized outlay	(43,516)	
Depreciation expense reported in the statement of activities	(2,114,231)	
Net book value of capital assets disposed	<u>(47,628)</u>	
Amount by which capital outlays are greater than depreciation in the current period		14,963,575

The proceeds from long-term obligations are reported in the governmental funds as a source of financing. In the statement of net position however, long-term obligations are not reported as a financing source, but rather constitute a long-term liability. (8,620,000)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.
This year the accrual of these benefits decreased by: 89,410

Wisconsin Retirement System asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (233,393)

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources 343,306

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.
Amount of long-term debt principal payments in the current year is: 15,788,000

Governmental funds report the effect of debt discounts and premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.
The net effect of these differences in the current year: (478,611)

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.
Amount of interest and other debt costs paid during the current period is \$ 1,464,627
Amount of interest and other debt costs accrued during the current period is (1,580,495)
Interest paid is less than interest accrued by: (115,868)

Change in net position - governmental activities \$ 6,472,811

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	AGENCY FUND STUDENT ACTIVITY	PRIVATE PURPOSE TRUST FUND SCHOLARSHIPS
<u>ASSETS</u>		
Cash and investments	\$ 70,722	\$ 232,235
<u>LIABILITIES</u>		
Due to student organizations	\$ 70,722	\$ -
<u>NET POSITION</u>		
Restricted for		
Individuals and organizations	-	232,235
TOTAL LIABILITIES AND NET POSITION	\$ 70,722	\$ 232,235

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020

	<u>PRIVATE PURPOSE TRUST FUND SCHOLARSHIPS</u>
ADDITIONS	
Investment income	\$ 4,192
Contributions	<u>34,121</u>
TOTAL ADDITIONS	38,313
 DEDUCTIONS	
Disbursements	<u>26,700</u>
CHANGE IN NET POSITION	11,613
NET POSITION - BEGINNING OF YEAR	758,948
CHANGE IN ACCOUNTING PRINCIPLE	<u>(538,326)</u>
 NET POSITION - END OF YEAR	 <u>\$ 232,235</u>

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the School District of Holmen (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America 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.

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

The District's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis of Presentation

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenue, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, are presented as general revenue.

Fund Financial Statements

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

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

The District reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

Referendum Approved Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Capital Projects Fund - are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District has two fiduciary funds which account for assets held for student organizations and scholarships.

Measurement Focus and Basis of Accounting

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

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

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

Cash and Investments - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Investments are stated at fair value, if applicable, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances.

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installment real estate taxes are collected by municipal treasurers who then make proportional settlement with the District and county treasurer for those taxes collected on their behalf. Third installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and the District before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and a final payment no later than the following July 31. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20 of each subsequent month thereafter. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance. The county assumes all responsibility for delinquent real estate property taxes.

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

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

Due To/From Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. The amounts reported on the statement of net position for receivable/payable from external parties represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenue and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Inventories - Inventories are valued at cost using the first-in/first-out method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Prepays - Prepaid items represent payments for goods or services for which benefits extend beyond June 30.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Capital Assets - Capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	15-50 years
Land improvements	\$5,000	Straight-line	20 years
Furniture and equipment	\$5,000	Straight-line	5-20 years
Computer and related technology	\$5,000	Straight-line	5 years

Debt Premiums and Discounts - In the government-wide financial statements, debt premiums and discounts are amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - The District's policy permits employees to accumulate earned, but unused sick leave, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

	Non-Bus Drivers	Bus Drivers	Administrators	Supervisors	Teachers
Accumulated Sick Leave					
Eligibility - Age	55	55	55	55	55
Eligibility - Service	15 - 25 years	6 – 14 years	10 years	15 years	15 years
Benefit Duration	1 - 2 years				
Sick Leave Pay Out	<u>If service:</u> 15 yrs: \$5/hour* 20 yrs: \$7.50/hour* 25 yrs: \$10/hour* *Accumulated	<u>If service:</u> 6 yrs: \$5/hour* 10 yrs: \$7.50/hour* 14 yrs: \$10/hour* *Accumulated	<u>Accumulated days:</u> 0-60 days, 25%* 61-100 days, 50%* 101-140 days, 75%* *of daily per diem	Benefit equal to 0.15% of last working contract rate for each day of accumulated sick leave.	Benefit equal to 0.15% of last working contract rate for each day of accumulated sick leave.
Survivor Benefit	Yes	Yes	Yes	Yes	Yes

Accumulated vacation lapses upon separation from government service therefore no monetary obligation exists.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

Other Post-Employment Benefits (OPEB) - The fiduciary net position of the OPEB healthcare plan has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post-employment benefits and OPEB expense. 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.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualify for reporting in this category. They are the Wisconsin Retirement System pension and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has two types of items, Wisconsin Retirement System pension and OPEB healthcare which qualify for reporting in this category. The Wisconsin Retirement System pension and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

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

Claims and Judgments - They are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the District Administrator, Associate District Administrator, and Administrator of Business Services to assign fund balances through its District Fund Balance Policy, and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against committed fund balance, then assigned fund balance and lastly to unassigned fund balance (GASB 54 default for not having a policy). The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government investment pool administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of June 30, 2020, the District had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Certificates of deposit	Less than one year	\$ 5,322,595
State of Wisconsin Investment Pool	Less than one year	<u>11,052,824</u>
		<u>\$ 16,375,419</u>

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2020, the Pool's fair value was 100 percent of book value.

Determining Fair Value - 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; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurement:

- 1) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations (level 2 inputs).

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 2 - Cash and Investments - Continued

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District does not have an investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District does not have an investment policy that would further limit its investment choices. The State of Wisconsin Local Government Investment Pool is not rated.

Custodial Credit Risk - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does not have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2020, \$13,458,400 of the District's bank balance of \$15,563,296 was exposed to custodial credit risk as follows:

Amount over FDIC Limit; with collateral pledged by bank **\$13,458,400**

NOTE 3 - Capital Assets

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

	BALANCE 07/01/19	ADDITIONS	DELETIONS	ADJUSTMENTS	BALANCE 06/30/20
GOVERNMENTAL ACTIVITIES:					
Capital assets not being depreciated:					
Land	\$ 1,342,134	\$ -	\$ -	\$ -	\$ 1,342,134
Construction in progress	1,003,536	15,353,213	-	-	16,356,749
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	2,345,670	15,353,213	-	-	17,698,883
Capital assets being depreciated:					
Land improvements	5,242,168	63,836	-	17,500	5,323,504
Building and improvements	69,499,410	1,002,972	-	15,578	70,517,960
Equipment	6,999,127	705,413	(1,133,349)	245,139	6,816,320
TOTAL CAPITAL ASSETS BEING DEPRECIATED	81,740,705	1,772,221	(1,133,349)	278,217	82,657,794

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 3 - Capital Assets - Continued

	<u>BALANCE</u> <u>07/01/19</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>06/30/20</u>
Less accumulated depreciation for:					
Land improvements	\$ (2,943,719)	\$ (160,639)	\$ -	\$ (438)	\$ (3,104,796)
Buildings and improvements	(31,276,014)	(1,462,679)	-	(389)	(32,739,082)
Equipment	<u>(4,799,348)</u>	<u>(490,913)</u>	<u>1,085,721</u>	<u>(89,807)</u>	<u>(4,294,347)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(39,019,081)</u>	<u>(2,114,231)</u>	<u>1,085,721</u>	<u>(90,634)</u>	<u>(40,138,225)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>42,721,624</u>	<u>(342,010)</u>	<u>(47,628)</u>	<u>187,583</u>	<u>42,519,569</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 45,067,294</u>	<u>\$15,011,203</u>	<u>\$ (47,628)</u>	<u>\$ 187,583</u>	<u>\$ 60,218,452</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 43,633
General administration services	97,198
Building administration services	102,968
Business service	253,928
Food services	12,328
Unallocated	<u>1,604,176</u>
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 2,114,231</u>

NOTE 4 - Long-Term Obligations

Details of the District's long-term obligations are set forth below:

Summary of Long-Term Obligations

<u>TYPE</u>	<u>BALANCE</u> <u>7/1/19</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>6/30/20</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>Debt</u>						
Bonds payable	\$36,038,000	\$ 8,620,000	\$(15,788,000)	\$ -	\$28,870,000	\$ 3,310,000
Premium	215,871	825,850	(347,239)	1,313,685	2,008,167	337,831
Vested vacation pay	788,562	-	(89,410)	-	699,152	190,759
Wisconsin Retirement System net pension liability	6,304,044	-	(6,499,014)	194,970	-	-
OPEB obligation						
OBEB healthcare	<u>2,969,621</u>	<u>236,537</u>	<u>-</u>	<u>73,024</u>	<u>3,279,182</u>	<u>272,645</u>
	<u>\$46,316,098</u>	<u>\$ 9,682,387</u>	<u>\$(22,723,663)</u>	<u>\$ 1,581,679</u>	<u>\$34,856,501</u>	<u>\$ 4,111,235</u>

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 4 - Long-Term Obligations - Continued

In prior years, the general fund liquidated vested employee benefits. Interest cost incurred during the year totaled \$1,538,887 and total paid during the year aggregated \$1,423,019.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at June 30, 2020 is comprised of the following individual issues:

<u>DESCRIPTION</u>	<u>ISSUE DATE</u>	<u>INTEREST RATES (%)</u>	<u>DATE OF MATURITY</u>	<u>BALANCE 6/30/20</u>
2019 GO Bonds	04/01/19	3.00 - 4.00%	04/01/30	\$20,250,000
2020 GO Refunding Bonds	05/11/20	5.00%	04/01/24	<u>8,620,000</u>
TOTAL GENERAL OBLIGATION DEBT				<u>\$28,870,000</u>

General Obligation Debt Limited Calculation

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,897,908,385. The legal debt limit and margin of indebtedness as of June 30, 2020, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes, follows:

Debt limit (10 percent of \$1,897,908,385)	\$ 189,790,839
Deduct long-term debt applicable to debt margin	(28,870,000)
Amount available in debt service fund	<u>2,704,776</u>
MARGIN OF INDEBTEDNESS	<u>\$ 163,625,615</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

Maturities of Long-Term Obligations

Maturities of the long-term obligations at June 30, 2020, are as follows:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021	\$ 3,310,000	\$ 1,083,911	\$ 4,393,911
2022	3,115,000	995,300	4,110,300
2023	3,270,000	860,550	4,130,550
2024	3,525,000	707,050	4,232,050
2025	2,075,000	541,800	2,616,800
2026-2030	<u>13,575,000</u>	<u>1,326,750</u>	<u>14,901,750</u>
TOTAL	<u>\$ 28,870,000</u>	<u>\$ 5,515,361</u>	<u>\$ 34,385,361</u>

Current Refunding - The District issued \$8,620,000 of refunding bonds for a current refunding of \$9,900,000 of outstanding 2009 refunding bonds. The transaction resulted in an economic gain of \$946,007 and a reduction of \$1,062,241 in future debt service payments.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System

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 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

SCHOOL DISTRICT OF HOLMEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

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

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

During the reporting period, the WRS recognized \$1,785,151 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At June 30, 2020, the District reported a liability (asset) of \$5,724,630 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (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 liability (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 0.17753784%, which was a decrease of 0.05513746% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$2,145,852.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$10,866,659	\$5,438,035
Net differences between projected and actual earnings on pension plan investments	-	11,703,180
Changes in assumptions	446,100	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,120	-
Employer contributions subsequent to the measurement date	1,159,061	72,480
Total	\$12,486,940	\$17,213,695

\$1,159,061 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows/ (Inflows) of Resources
2021	\$(1,753,644)
2022	(1,305,368)
2023	192,744
2024	3,019,548

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

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

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

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

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

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

Asset Allocation Targets and Expected Returns (as of December 31, 2019)

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

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

SCHOOL DISTRICT OF HOLMEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase To Discount Rate (8.0%)
School District of Holmen's proportionate share of the net pension liability (asset)	\$14,741,946	(\$5,724,630)	(\$21,025,750)

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

Payables to the Pension Plan

At June 30, 2020, the District reported a payable of \$463,322 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

NOTE 6 - Post-Employment Benefits Other Than Pensions

General Information about the Post-Employment Benefits Other Than Pensions

Plan Description - The other post-employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - Administrators and directors at least age 57, if hired on or before July 1, 2005, are eligible to receive contributions of 85 percent of the medical and dental premiums on the lowest cost plan rate until the retiree is eligible for Medicare.

Administrations and directors at least age 55, if hired after July 1, 2005, with a minimum of 10 consecutive years of service with the District, the retiree may choose to remain on the District's group medical plan by paying 100 percent of the premium until the retiree is eligible for Medicare.

Supervisors, assistant supervisors, teachers, nurses, or program coordinator for pupil and instructional services at least age 55 (prior to August 15 of the last year of employment) with a minimum of 10 consecutive years of service with the District, the District will make longevity incentive contributions into a retiree's HRA based on years of service. These contributions may be used towards medical premiums to remain on the Districts medical plan until the retiree is eligible for Medicare, or after the exhaustion of funds, whichever occurs first.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 6 - Post-Employment Benefits Other Than Pensions - Continued

Employees Covered - As of the June 30, 2020 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>571</u>
Total	<u>616</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2020, there were no contributions to the Plan.

Actuarial Assumptions - The net OPEB healthcare liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Asset Valuation Method:	Fair Market Value
Discount Rate:	2.25%
Salary Increases:	3.00%
Mortality:	Wisconsin 2012 Mortality Table
Medical Care Cost Trend:	3.00% the first year, then 7.00% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.00% and level thereafter.

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2018. Actuarial assumptions are based upon an experience study conducted in 2012 using Wisconsin Retirement System experience from 2009 - 2011.

The OPEB liability for June 30, 2020 is based upon an update of the liability calculated from the July 1, 2018 actuarial valuation. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

Discount Rate - A discount rate of 2.25% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability. The discount rate did not incorporate a municipal bond rate.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 6 - Post-Employment Benefits Other Than Pensions - Continued

Changes in the Net OPEB Healthcare Liability

	Increase (Decrease)		
	Total OPEB Healthcare Liability (a)	Fiduciary Net Position (b)	Net OPEB Healthcare Liability (a) - (b)
Beginning Balance	\$ 3,042,645	\$ -	\$ 3,042,645
Changes for the year:			
Service cost	186,197	-	186,197
Interest	104,980	-	140,980
Changes of assumptions or other input	218,005	-	218,005
Benefit payments	(272,645)	-	(272,645)
Net Changes	<u>236,537</u>	<u>-</u>	<u>236,537</u>
Ending Balance	<u>\$ 3,279,182</u>	<u>\$ -</u>	<u>\$ 3,279,182</u>

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB healthcare liability calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent decreasing to 4 percent) or 1-percentage-point higher (8.5 percent decreasing to 6 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (6.5% decreasing to 4%)	Current Healthcare Cost Rate (7.5% decreasing to 5%)	1% Increase to Healthcare Cost Rate (8.5% decreasing to 6%)
Net OPEB healthcare liability	\$3,064,575	\$3,279,182	\$3,532,863

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the net OPEB healthcare liability calculated using the discount rate of 2.25 percent, as well as what the net OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Net OPEB healthcare liability	\$3,461,575	\$3,279,182	\$3,103,819

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

For the year ended June 30, 2020, the District recognized OPEB healthcare expense of \$84,666.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 6 - Post-Employment Benefits Other Than Pensions - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,009,547
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	199,838	215,917
Employer contributions subsequent to the measurement date	-	-
Total	\$ 199,838	\$ 2,225,463

\$-0- reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows and Inflows of Resources
2021	\$ (206,511)
2022	(206,511)
2023	(206,511)
2024	(206,511)
2025	(206,511)
Thereafter	(1,000,625)

Payables to the OPEB Healthcare Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended June 30, 2020.

NOTE 7 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepays	\$ 4,739
Food service	Prepays and inventory	20,051
Restricted		
General	Future capital improvements	1,551,818
Special revenue trust	Donor specific expenses	795,745
Food service	DPI regulation	665,560
Referendum debt service	Principal and interest	2,704,776
Capital expansion	DPI regulation	7,983,477
Community service	Specific expenses	5,200

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 7 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund - Continued</u>	<u>Purpose</u>	<u>Amount</u>
Committed		
General	Post-employment obligations	\$ 1,064,280
Assigned		
General	Payroll and other benefits obligations	7,500,000
 <u>Governmental Activities</u>		
Restricted		
Special revenue	Donor specific expense	795,745
Special revenue	DPI regulation	670,760
Debt service	Principal and interest	2,704,776
Capital projects	DPI regulation	7,983,477
Other activities	Future capital improvements	1,551,818
Other activities	Wisconsin Retirement System pension	5,724,630

NOTE 8 - Perpetual Trust

The District is a beneficiary of a charitable trust. This perpetual trust, administered by a third party trustee, provides an irrevocable right to receive unrestricted income distributions in perpetuity. The annual distributions are recorded as current year revenue in the scholarship trust fund.

NOTE 9 - Commitments

On June 30, 2020, the District had entered into a \$20,033,114 construction contract for two phases of a high school construction project. There is \$5,881,000 remaining to be completed on the contract.

NOTE 10 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 11- Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

SCHOOL DISTRICT OF HOLMEN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 12 - Prior Period Adjustments

The District made a prior period adjustment to beginning net position in the District-wide governmental activity for \$1,273,614. The adjustment decreased the net position balance for prior year bond premiums that were incorrectly recorded and various adjustments to capital asset balances.

NOTE 13 - Change in Accounting Principle

The change in accounting principle adjustments of \$762,066 on the statement of activities and \$713,172 on the statement of revenue, expenses and changes in fund balances are due to the District's decision to account for the food service fund as a governmental fund rather than a proprietary fund.

The change in accounting principle adjustment of \$538,326 on the statement of changes in net position - fiduciary funds is due to the District's decision to not recognize a proportional share of assets for a perpetual trust of which the District is a beneficiary.

NOTE 14 - Coronavirus (COVID-19)

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of the District's operations including costs for emergency preparedness, virtual school, shortages of personnel, and potential delays in revenue collections.

**SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin**

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF HOLMEN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2020

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020
Proportion of the net pension liability (asset)	0.18640000%	0.18480000%	0.18640000%	0.18550000%	0.18270000%	0.17537840%
Proportionate share of the net pension liability (asset)	\$ (4,578,790)	\$ 3,002,837	\$ 1,536,713	\$ (5,508,186)	\$ 6,499,014	\$ (5,724,630)
Covered payroll	\$ 25,881,034	\$ 26,821,623	\$ 26,829,095	\$ 27,067,134	\$ 27,720,918	\$ 27,243,060
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17.69%	-11.20%	-5.73%	20.35%	-23.44%	21.01%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 1,811,700	\$ 1,823,868	\$ 1,771,017	\$ 1,840,712	\$ 1,857,493	\$ 1,785,151
Contributions in relation to the contractually required contributions	<u>(1,811,700)</u>	<u>(1,823,868)</u>	<u>(1,771,017)</u>	<u>(1,840,712)</u>	<u>(1,857,493)</u>	<u>(1,785,151)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 25,881,034	\$ 26,821,623	\$ 26,829,095	\$ 27,067,134	\$ 27,720,918	\$ 27,243,060
Contributions as a percentage of covered payroll	7.00%	6.80%	6.60%	6.80%	6.70%	6.55%

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

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 4 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2020

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

SCHOOL DISTRICT OF HOLMEN
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2020

SCHEDULE OF CHANGES IN THE NET OPEB HEALTHCARE LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	2020	2019	2018	2017
Total OPEB Healthcare Liability				
Service cost	\$ 186,197	\$ 475,128	\$ 462,412	\$ 436,928
Interest	104,980	147,901	141,986	129,592
Differences between expected and actual experience	-	(2,346,368)	-	(84,461)
Changes of assumptions or other input	218,005	(259,100)	-	-
Benefit payments	<u>(272,645)</u>	<u>(231,120)</u>	<u>(97,828)</u>	<u>(15,840)</u>
Net Changes in Total OPEB Healthcare Liability	236,537	(2,213,559)	506,570	466,219
Total OPEB Healthcare Liability - Beginning	3,042,645	5,256,204	4,749,634	4,283,415
Total OPEB Healthcare Liability - Ending (a)	<u>\$ 3,279,182</u>	<u>\$ 3,042,645</u>	<u>\$ 5,256,204</u>	<u>\$ 4,749,634</u>
Plan Fiduciary Net Position				
Benefit payments	\$ -	\$ -	\$ -	\$ -
Administrative expense	-	-	-	-
Other changes	-	-	-	-
Net Changes in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Healthcare Liability - Ending (a) - (b)	<u>\$ 3,279,182</u>	<u>\$ 3,042,645</u>	<u>\$ 5,256,204</u>	<u>\$ 4,749,634</u>
Plan fiduciary net position as a percentage of the total OPEB Healthcare liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 24,920,479	\$ 24,920,479	\$ 26,525,707	\$ 25,186,451
Net OPEB Healthcare liability as a percentage of covered payroll	13.16%	12.21%	19.82%	18.86%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	2020	2019	2018	2017
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,920,479	\$ 24,920,479	\$ 26,525,707	\$ 25,186,451
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
Actuarial valuation date	6/30/2018	6/30/2018	6/30/2016	6/30/2016
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2020

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 20-year AA municipal bond %, fair market value asset valuation, 2.25% discount rate, 3% salary increases, Wisconsin 2012 mortality table.

Changes of assumptions - discount rate, based upon all years of projected payments discounted at a municipal bond rate of 2.25%

SCHOOL DISTRICT OF HOLMEN
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	GENERAL	SPECIAL EDUCATION	TOTAL	GENERAL	SPECIAL EDUCATION	TOTAL	GENERAL	SPECIAL EDUCATION	TOTAL	
	REVENUE									
Property taxes	\$ 14,485,325	\$ -	\$ 14,485,325	\$ 14,485,325	\$ -	\$ 14,485,325	\$ 14,498,833	\$ -	\$ 14,498,833	\$ 13,508
Other local sources	414,862	2,500	417,362	495,425	2,500	497,925	567,556	-	567,556	69,631
Interdistrict sources	1,724,626	55,000	1,779,626	1,724,626	55,000	1,779,626	1,642,062	73,838	1,715,900	(63,726)
Intermediate sources	1,501	1,061	2,562	1,501	1,061	2,562	200	14,506	14,706	12,144
State sources	32,988,245	2,123,095	35,111,340	32,977,714	2,123,095	35,100,809	33,083,227	2,089,997	35,173,224	72,415
Federal sources	399,671	879,841	1,279,512	399,671	879,841	1,279,512	421,418	856,519	1,277,937	(1,575)
Other sources	52,787	-	52,787	52,787	-	52,787	154,287	-	154,287	101,500
TOTAL REVENUE	50,067,017	3,061,497	53,128,514	50,137,049	3,061,497	53,198,546	50,367,583	3,034,860	53,402,443	203,897
EXPENDITURES										
Current										
Instruction										
Undifferentiated instruction	7,370,309	170	7,370,479	7,199,365	170	7,199,535	7,110,074	-	7,110,074	89,461
Regular instruction	10,917,634	-	10,917,634	10,893,086	-	10,893,086	10,927,457	-	10,927,457	(34,371)
Vocational instruction	1,060,342	-	1,060,342	1,135,683	-	1,135,683	1,164,992	-	1,164,992	(29,309)
Special instruction	-	6,888,770	6,888,770	-	6,760,350	6,760,350	-	6,708,476	6,708,476	51,874
Other instruction	2,294,756	-	2,294,756	2,190,128	-	2,190,128	2,133,349	-	2,133,349	56,779
Total instruction	21,643,041	6,888,940	28,531,981	21,418,262	6,760,520	28,178,782	21,335,872	6,708,476	28,044,348	134,434
Support services										
Pupil services	1,452,553	1,007,296	2,459,849	1,543,572	1,077,820	2,621,392	1,547,898	1,082,965	2,630,863	(9,471)
Instructional staff services	3,288,170	260,384	3,548,554	3,316,401	261,586	3,577,987	3,213,681	256,589	3,470,270	107,717
General administration services	555,794	-	555,794	575,506	-	575,506	513,132	-	513,132	62,374
Building administration services	2,293,162	-	2,293,162	2,345,836	-	2,345,836	2,353,932	-	2,353,932	(8,096)
Business services	5,968,632	283,248	6,251,880	6,019,249	258,595	6,277,844	5,823,290	215,374	6,038,664	239,180
Central services	666,566	25,785	692,351	622,485	25,785	648,270	536,154	22,903	559,057	89,213
Insurance	477,015	-	477,015	477,015	-	477,015	447,611	-	447,611	29,404
Other support services	730,588	5,771	736,359	786,322	5,771	792,093	757,626	11,389	769,015	23,078
Community services	-	-	-	-	-	-	-	-	-	-
Total support services	15,432,480	1,582,484	17,014,964	15,686,386	1,629,557	17,315,943	15,193,324	1,589,220	16,782,544	533,399
Non-program transactions	3,915,368	746,529	4,661,897	3,871,168	662,308	4,533,476	3,871,079	690,281	4,561,360	(27,884)
Capital outlay	2,073,426	65,000	2,138,426	2,084,005	65,000	2,149,005	2,036,404	54,170	2,090,574	58,431
TOTAL EXPENDITURES	43,064,315	9,282,953	52,347,268	43,059,821	9,117,385	52,177,206	42,436,679	9,042,147	51,478,826	698,380
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	7,002,702	(6,221,456)	781,246	7,077,228	(6,055,888)	1,021,340	7,930,904	(6,007,287)	1,923,617	902,277
OTHER FINANCING (USES) SOURCES										
Transfer (to) from other funds	(6,221,456)	6,221,456	-	(6,055,888)	6,055,888	-	(6,007,287)	6,007,287	-	-
Sale of capital assets	2,130	-	2,130	2,130	-	2,130	-	-	-	(2,130)
TOTAL OTHER FINANCING (USES) SOURCES	(6,219,326)	6,221,456	2,130	(6,053,758)	6,055,888	2,130	(6,007,287)	6,007,287	-	(2,130)
NET CHANGE IN FUND BALANCE	783,376	-	783,376	1,023,470	-	1,023,470	1,923,617	-	1,923,617	900,147
FUND BALANCE - BEGINNING OF YEAR	14,480,773	-	14,480,773	14,480,773	-	14,480,773	14,480,773	-	14,480,773	-
FUND BALANCE - END OF YEAR	\$ 15,264,149	\$ -	\$ 15,264,149	\$ 15,504,243	\$ -	\$ 15,504,243	\$ 16,404,390	\$ -	\$ 16,404,390	\$ 900,147

The accompanying notes are an integral part of this schedule.

SCHOOL DISTRICT OF HOLMEN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED JUNE 30, 2020

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by a Board of Education resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. 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.
3. 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.
4. Pursuant to the budget hearing, the Board of Education may make alterations to the proposed budget.
5. After 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.
6. 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.
7. Encumbrance accounting is not used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

General/Special Education	Regular instruction	\$ 34,371
General/Special Education	Vocational instruction	29,309
General/Special Education	Pupil services	9,471
General/Special Education	Building administration services	8,096
General/Special Education	Non-program transactions	27,884

SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF HOLMEN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

<u>ASSETS</u>	SPECIAL REVENUE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	
Cash and investments	\$ 796,578	\$ 700,127	\$ 5,200	\$ 1,501,905
Receivables				
Accounts	-	29,265	-	29,265
Due from other governments	5,817	113,005	-	118,822
Inventories	-	18,126	-	18,126
Prepays	-	1,925	-	1,925
TOTAL ASSETS	<u>\$ 802,395</u>	<u>\$ 862,448</u>	<u>\$ 5,200</u>	<u>\$ 1,670,043</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 6,650	\$ 30,648	\$ -	\$ 37,298
Accrued payroll liabilities	-	12,736	-	12,736
Unearned revenue	-	133,453	-	133,453
TOTAL LIABILITIES	6,650	176,837	-	183,487
FUND BALANCES				
Nonspendable	-	20,051	-	20,051
Restricted	795,745	665,560	5,200	1,466,505
TOTAL FUND BALANCES	795,745	685,611	5,200	1,486,556
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 802,395</u>	<u>\$ 862,448</u>	<u>\$ 5,200</u>	<u>\$ 1,670,043</u>

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

	SPECIAL REVENUE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	
REVENUE				
Property taxes	\$ -	\$ -	\$ 10,000	\$ 10,000
Other local sources	712,273	1,387,977	-	2,100,250
State sources	-	48,148	-	48,148
Federal sources	-	1,042,050	-	1,042,050
Other sources	-	11,653	-	11,653
TOTAL REVENUE	<u>712,273</u>	<u>2,489,828</u>	<u>10,000</u>	<u>3,212,101</u>
EXPENDITURES				
Current				
Instruction				
Undifferentiated instruction	70,243	-	-	70,243
Regular instruction	17,898	-	-	17,898
Vocational instruction	6,711	-	-	6,711
Other instruction	561,668	-	-	561,668
Total instruction	<u>656,520</u>	<u>-</u>	<u>-</u>	<u>656,520</u>
Support service				
Instructional staff services	10,225	-	-	10,225
General administration services	2,651	-	4,800	7,451
Business services	2,386	2,516,440	-	2,518,826
Central services	-	949	-	949
Total support services	<u>15,262</u>	<u>2,517,389</u>	<u>4,800</u>	<u>2,537,451</u>
Non-program transactions	4,703	-	-	4,703
Capital outlay	4,062	-	-	4,062
TOTAL EXPENDITURES	<u>680,547</u>	<u>2,517,389</u>	<u>4,800</u>	<u>3,202,736</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	31,726	(27,561)	5,200	9,365
FUND BALANCES - BEGINNING OF YEAR	764,019	-	-	764,019
CHANGE IN ACCOUNTING PRINCIPLE	-	713,172	-	713,172
FUND BALANCES - END OF YEAR	<u>\$ 795,745</u>	<u>\$ 685,611</u>	<u>\$ 5,200</u>	<u>\$ 1,486,556</u>

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2019	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2020	SUBRECIPIENT PASS-THROUGH EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE							
Wisconsin Department of Public Instruction							
<u>Child Nutrition Cluster</u>							
School Breakfast Program July 1, 2019 - June 30, 2020	2020-322562-DPI-SB-546	10.553	\$ -	\$ 90,562	\$ 90,562	\$ -	\$ -
School Breakfast Program - COVID 19 Emergency Act Funding July 1, 2019 - June 30, 2020	2020-322562-DPI-SB-546	10.553	-	77,497	116,729	39,232	-
Food Distribution July 1, 2019 - June 30, 2020	None	10.555	-	185,566	185,566	-	-
National School Lunch Program July 1, 2019 - June 30, 2020	2020-322562-DPI-NSL-547	10.555	-	376,888	376,888	-	-
National School Lunch Program - COVID 19 Emergency Act Funding July 1, 2019 - June 30, 2020	2020-322562-DPI-NSL-547	10.555	-	194,460	268,233	73,773	-
Special Milk Program for Children July 1, 2018 - June 30, 2019	2019-322562-SMP-548	10.556	140	140	-	-	-
July 1, 2019 - June 30, 2020	2020-322562-DPI-SMP-548		-	4,072	4,072	-	-
Total Child Nutrition Cluster			<u>140</u>	<u>929,185</u>	<u>1,042,050</u>	<u>113,005</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>140</u>	<u>929,185</u>	<u>1,042,050</u>	<u>113,005</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction							
<u>Title IA Cluster</u>							
Title IA - Grants to Local Educational Agencies July 1, 2018 - June 30, 2019	2019-322562-TIA-141	84.010	75,118	75,118	-	-	-
July 1, 2019 - June 30, 2020	2020-322562-TIA-141		-	163,344	236,041	72,697	-
Total Title IA Cluster			<u>75,118</u>	<u>238,462</u>	<u>236,041</u>	<u>72,697</u>	<u>-</u>
<u>Special Education Cluster</u>							
Special Education - Grants to States (IDEA Part B) July 1, 2018 - June 30, 2019	2019-322562-IDEA-FT-341	84.027	327,872	327,872	-	-	-
July 1, 2019 - June 30, 2020	2020-322562-DPI-IDEA-F-341		-	275,115	666,459	391,344	-
Special Education - Preschool Grants (IDEA Preschool) July 1, 2018 - June 30, 2019	2019-322562-Pre-S-347	84.173	863	863	-	-	-
July 1, 2019 - June 30, 2020	2020-322562-DPI-IDEA-P-347		-	7,107	9,808	2,701	-
Total Special Education Cluster			<u>328,735</u>	<u>610,957</u>	<u>676,267</u>	<u>394,045</u>	<u>-</u>

(Continued on page 53)

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED JUNE 30, 2020

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2019	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2020	SUBRECIPIENT PASS-THROUGH EXPENDITURES
U.S. DEPARTMENT OF EDUCATION - Continued							
Wisconsin Department of Public Instruction - Continued							
Career and Technical Education - Basic Grants to States (Perkins IV)		84.048					
July 1, 2018 - June 30, 2019	2019-322562-CP-CTE-400		\$ 8,481	\$ 8,481	\$ -	\$ -	\$ -
July 1, 2019 - June 30, 2020	2020-322562-CTE-400		-	7,537	17,596	10,059	-
			<u>8,481</u>	<u>16,018</u>	<u>17,596</u>	<u>10,059</u>	<u>-</u>
Title III - English Language Acquisition Grants		84.365					
July 1, 2018 - June 30, 2019	2019-322562-DPI-T3 -391		9,552	9,552	-	-	-
July 1, 2019 - June 30, 2020	2020-322562-DPI-T3 -391		-	5,290	12,084	6,794	-
			<u>9,552</u>	<u>14,842</u>	<u>12,084</u>	<u>6,794</u>	<u>-</u>
Student Support and Academic Enrichment (Title IV)		84.424A					
July 1, 2018 - June 30, 2019	2019-322562-TIVA - DPI-381		4,555	4,555	-	-	-
July 1, 2019 - June 30, 2020	2020-322562-TIVA - DPI-381		-	21,414	23,141	1,727	-
			<u>4,555</u>	<u>25,969</u>	<u>23,141</u>	<u>1,727</u>	<u>-</u>
Title II-A - Improving Teacher Quality State Grants		84.367					
July 1, 2018 - June 30, 2019	2019-322562-TIIA-365		20,677	20,677	-	-	-
July 1, 2019 - June 30, 2020	2020-322562-TIIA-365		-	44,837	55,264	10,427	-
			<u>20,677</u>	<u>65,514</u>	<u>55,264</u>	<u>10,427</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>447,118</u>	<u>971,762</u>	<u>1,020,393</u>	<u>495,749</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Wisconsin Department of Health Services							
Medical Assistance		93.778					
July 1, 2018 - June 30, 2019	None		76,306	76,306	-	-	-
July 1, 2019 - June 30, 2020	None		-	239,104	257,543	18,439	-
			<u>76,306</u>	<u>315,410</u>	<u>257,543</u>	<u>18,439</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>76,306</u>	<u>315,410</u>	<u>257,543</u>	<u>18,439</u>	<u>-</u>
U.S. DEPARTMENT OF ENERGY							
Wisconsin Public Service Commission							
State Energy Program Formula Grant		81.041					
July 1, 2019 - June 30, 2020	None		-	18,000	-	(18,000)	-
TOTAL FEDERAL AWARDS			<u>\$ 523,564</u>	<u>\$ 2,234,357</u>	<u>\$ 2,319,986</u>	<u>\$ 609,193</u>	<u>\$ -</u>

(Continued on page 54)

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED JUNE 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School District of Holmen and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District of Holmen has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used in the amount of \$185,566 during the fiscal year ended June 30, 2020.

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2019	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2020	SUBRECIPIENT PASS-THROUGH EXPENDITURES
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	322562-100	255.101	\$ -	\$ 2,074,817	\$ 2,074,817	\$ -	\$ -
Special Education and School Age Parents - via CESA #4	None	255.101	-	14,506	14,506	-	-
State School Lunch Aid	322562-107	255.102	-	24,686	24,686	-	-
Common School Fund Library Aid	322562-104	255.103	-	166,122	166,122	-	-
Bilingual/Bicultural Aid	322562-111	255.106	-	73,898	73,898	-	-
General Transportation Aid	322562-102	255.107	-	93,983	93,983	-	-
Wisconsin School Day Milk Program	322562-109	255.115	-	11,331	11,331	-	-
Equalization Aid	322562-116	255.201	491,911	29,268,957	29,256,213	479,167	-
High Cost Special Education Aid	322562-119	255.210	-	2,180	2,180	-	-
Aid for School Mental Health Programs	322562-176	255.227	-	8,844	8,844	-	-
Supplemental Per Pupil Aid	322562-181	255.245	-	13,736	13,736	-	-
School Breakfast Program	322562-108	255.344	-	12,131	12,131	-	-
Early College Credit Program	322562-178	255.445	-	726	726	-	-
Educator Effectiveness Evaluation System	322562-154	255.940	-	25,120	25,120	-	-
Per Pupil Aid	322562-113	255.945	-	3,036,264	3,036,264	-	-
Career and Technical Education Incentive	322562-171	255.950	-	22,598	22,598	-	-
Assessment of Reading Readiness	322562-166	255.956	-	14,875	14,875	-	-
Robotics League Grant	322562-167	255.959	2,126	2,126	4,359	4,359	-
Aid for Special Education Transition Grant BBL	322562-168	255.960	-	13,000	13,000	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			<u>494,037</u>	<u>34,879,900</u>	<u>34,869,389</u>	<u>483,526</u>	<u>-</u>
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
Fast Forward Grant	None	None	-	-	21,345	21,345	-
Peer Review Mentor Grant	None	None	-	-	17,226	17,226	-
TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT			<u>-</u>	<u>-</u>	<u>38,571</u>	<u>38,571</u>	<u>-</u>
WISCONSIN DEPARTMENT OF JUSTICE							
School Safety Initiative (Grant 1)	None	455.206	-	8,447	9,008	561	-
School Safety Initiative (Grant 2)	None	455.206	-	220,991	220,991	-	-
TOTAL WISCONSIN DEPARTMENT OF JUSTICE			<u>-</u>	<u>229,438</u>	<u>229,999</u>	<u>561</u>	<u>-</u>
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid	None	None	-	-	8,063	8,063	-
Exempt Personal Property	None	None	-	71,610	71,610	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			<u>-</u>	<u>71,610</u>	<u>79,673</u>	<u>8,063</u>	<u>-</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 494,037</u>	<u>\$ 35,180,948</u>	<u>\$ 35,217,632</u>	<u>\$ 530,721</u>	<u>\$ -</u>

(Continued on page 56)

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF STATE FINANCIAL ASSISTANCE - Continued
YEAR ENDED JUNE 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of state financial assistance includes the state grant activity of the School District of Holmen. The information in this schedule is presented in accordance with the requirements of the State Single Audit Guidelines, issued by the Wisconsin Department of Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule of state financial assistance are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Special Education and School Age Parents Program

2019-2020 eligible costs under the State Special Education Program are \$8,181,939.

SCHOOL DISTRICT OF HOLMEN
Holmen, Wisconsin

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Holmen (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 19, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
November 19, 2020

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

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, and *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
November 19, 2020

SCHOOL DISTRICT OF HOLMEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to the financial statements noted? _____ Yes X No

Federal Awards

Internal control over financial reporting:

Material weakness identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ Yes X No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.556	Child Nutrition Cluster

State Assistance

Internal control over state assistance:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with the *Wisconsin Public School District Manual*? _____ Yes X No

