

ANNUAL FINANCIAL REPORT



**Kenosha Unified
School District**

ACADEMICS. OPPORTUNITY. SUCCESS.

FISCAL YEAR ENDING
JUNE 30

2020

**KENOSHA UNIFIED SCHOOL DISTRICT
KENOSHA, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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**KENOSHA UNIFIED SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Kenosha Unified School District
Kenosha, Wisconsin

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 19 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 68 to 76 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

To the Board of Education
Kenosha Unified School District

The combining nonmajor fund financial statements and charter school schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedules of expenditures of federal and state awards 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 25, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 25, 2020

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The management's discussion and analysis of the Kenosha Unified School District's financial performance provides an overall review of financial activities for the fiscal year. This analysis focuses on school district's financial performance as a whole.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The annual financial report includes the management's discussion and analysis, basic financial statements, required supplementary information, and supplementary information. The basic financial statements include the District-wide financial statements, fund financial statements, and notes to the financial statements. The District's annual financial report also provides an additional section called federal and state awards as required by award granting agencies. The annual financial report is the responsibility of District administration. The independent auditors' reports included in the annual financial report provide various assurances on the annual financial report and are the auditors' responsibility.

District-wide Financial Statements

The *statement of net position* and *statement of activities* comprise the District-wide financial statements. These statements present an aggregate view of the District's finances, similar to a private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*.

- The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial situation is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position changed during the year. This statement reports the cost of governmental functions and the financing of those functions in the fiscal year.

Basic Financial Statements

Fund Financial Statements

A grouping of related accounts used to maintain control over resources segregated for specific activities defines a fund. Fund statements report operations in more detail than the District-wide statements and provide information that may help evaluate a district's near-term financing requirements. Three fund types may comprise the Fund financial statements: *governmental, proprietary, and fiduciary*. Governmental funds and fiduciary funds constitute the District's fund financial statements. The District does not have any proprietary funds.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Governmental Funds

Governmental funds report using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. In general, the type of revenues that come in and the type of expenditures paid out define the fund types' focus. *Governmental funds* include the general fund, special revenue funds (Head Start, Donations, Food Service and Community Service), debt service fund, and capital projects fund. Under generally accepted accounting principles, the activities of the Special Education Fund (Fund 27) are reported with general fund activities because a transfer from the General Fund (Fund 10) finances the excess expenditures within the Special Education Fund.

The District produces *fund financial statements* for this fund type. There are two fund financial statements, the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances* (operating statement). Financial information for the major funds is presented separately on both the balance sheet and the statement of revenues, expenditures, and changes in fund balances. The general fund, the capital projects fund, and debt service fund are major funds. Data for the nonmajor funds combine into a single, aggregated column. The nonmajor funds consist of the special revenue trust fund, Head Start fund, food service fund, and the community service fund. The supplementary information provides detailed information for each of the individual non-major funds.

A reconciliation to facilitate the comparison of the statement of net position to the governmental fund's balance sheet is presented. Also, a separate reconciliation from the statement of activities to the statement of revenues, expenditures, and changes in fund balances of governmental funds is presented. Both reconciliations are presented after the corresponding statement.

The District adopts an annual budget for its governmental funds. Budgetary comparison statements for the general fund and any major special revenue funds have been provided in the required supplementary information to demonstrate budget compliance as required by generally accepted accounting principles.

Proprietary Funds

Proprietary funds operate similar to a business. These funds have exchange transactions where each party receives and gives up nearly equal value for the essential activity for that fund. This fund type uses the accrual basis of accounting. The District does not have any proprietary funds.

Fiduciary Funds

The District also serves as a trustee, or fiduciary, for student organizations using the pupil activity fund, a retiree benefits fund used to provide for obligated premiums that the District has in relation to retired employees' prior service, and a private benefit trust fund for scholarships. The assets of these organizations do not directly benefit 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. These funds follow the accrual basis of accounting that is described above in the District-wide Financial Statement section. There are two fiduciary financial statements, the *statement of net position* and the *statement of changes in net position* (operating statement).

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Notes to the Financial Statements

The *notes to the financial statements* provide additional information 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.

Required Supplementary Information

The *required supplementary information and related notes* contain the information required to be reported under generally accepted accounting principles (GAAP). This information is not audited. Although not part of the basic financial statements, it is considered an essential part of financial reporting. The required supplementary information and related notes follow the notes to the financial statements.

Supplementary Information

The *supplementary information* is provided for additional analysis and is not part of the basic financial statements. It includes the combining fund statements, which provide further details for the non-major governmental funds. This information follows the required supplementary information section.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the District exceeded the liabilities and deferred inflows at the close of the fiscal year by \$139.4 million (*net position*), an increase of \$15.4 million over the prior year. Of this amount, \$120.7 million represents the net investment in capital assets, and \$38.4 million is restricted; this results in an unrestricted net deficit balance of \$19.7 million.

Total capital assets, net of accumulated depreciation, increased by \$14.6 million due to the continuation of the phase II energy efficiency projects. The energy efficiency projects are projected to be complete in 2021.

Other liabilities decreased by \$13.7 million due to a reduction in short-term borrowing for cash flow purposes for the fiscal year 2020.

Long-term general obligation debt decreased by \$9.5 million due to scheduled principal and interest payments.

Accrued other post-employment benefits (OPEB) obligation increased \$4.4 million. The accrued OPEB liability is a combination of two plan liabilities. The first liability included is from the Wisconsin Department of Employee Trust Fund (ETF) Local Retiree Life Insurance Fund (LRLIF). The District participates in this multi-employer defined benefit plan. It must record its proportionate share of the LRLIF in its statement of net position. This LRLIF OPEB obligation has a \$24.1 million liability and increased \$9.6 million from the prior year. The District does not have control over the results of the LRLIF plan or study.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The District's single-employer defined benefit post-employment benefit plan liability comprises the remaining portion of the accrued other post-employment liability. This plan has an unfunded liability of approximately \$28.2 million, which decreased by approximately \$5.2 million from the previous year. The decrease resulted from the District recently reducing costs by moving to a high deductible health plan starting July 1, 2019, while also continuing to contribute more revenues than there were expenses, through a pay as you go plus funding mechanism. The OPEB liability reflects the effect of this significant plan change.

Net pension liability changed to a net pension asset in the amount of \$30.4 million. The net change of \$64.2 million resulted from the actuarial study performed on behalf of the State of Wisconsin Retirement System (WRS) with a measurement date of December 31, 2019. The District does not have control over the results of that study.

In governmental funds, the total fund balance decreased by \$11.5 million. The net decrease comprised of the General Fund experiencing a surplus from operations of \$4.6 million, and the Capital Projects Fund experiencing use of \$14.8 million of previously issued bond proceeds from the energy efficiency projects in progress and other government funds use of \$1.3 million. At the end of the current fiscal year, the General Fund's unassigned fund balance was approximately \$57.3 million.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Governmental Activities

As previously stated, the District-wide financial statements are the *statement of net position* and *statement of activities*. These statements present an aggregate view of the District's finances, like a private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*.

Statement of Net Position

Table 1, below, provides a summary of the District's statement of net position for the year ended June 30, 2020, compared to 2019.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

<div>Table 1</div> <div>Condensed Statement of Net Position</div> <div>(in thousands of dollars)</div>				
	Governmental Activities		\$ Change	% Change
	2020	2019		
Assets				
Current assets	\$ 121,662	\$ 146,675	\$ (25,013)	-17.1%
Net Pension Asset	30,491	-	30,491	0.0%
Capital assets	253,209	238,544	14,665	6.1%
Total Assets	405,362	385,219	20,143	5.2%
Deferred Outflows				
Loss on advance refunding	329	395	(66)	-16.7%
Related to pension	66,981	88,518	(21,537)	-24.3%
Related to OPEB	12,508	4,236	8,272	100.0%
Total Deferred Outflows	79,818	93,149	(13,331)	-14.3%
Liabilities				
Other liabilities	47,113	60,864	(13,751)	-22.6%
Long-term obligations	140,950	150,468	(9,518)	-6.3%
Accrued OPEB obligation	52,433	48,022	4,411	9.2%
Net pension liability	-	34,035	(34,035)	-100.0%
Total Liabilities	240,496	293,389	(52,893)	-18.0%
Deferred Inflows				
Related to pension	91,352	46,956	44,396	94.5%
Related to OPEB	13,900	14,021	(121)	100.0%
Total Deferred Inflows	105,252	60,977	44,275	72.6%
Net Position				
Net investment in capital assets	120,754	111,307	9,447	8.5%
Restricted	38,413	8,446	29,967	354.8%
Unrestricted (deficit)	(19,735)	4,249	(23,984)	564.5%
Total Net Position	\$ 139,432	\$ 124,002	\$ 15,430	12.4%

Note: May be rounding differences.

The most considerable portion of the District's net position is its net investment in capital assets (e. g. land, buildings, and equipment), less related outstanding debt used to acquire those assets. The District uses these assets to provide services to students and consequently are not available for future spending. \$120.7 million represents the net investment in capital assets.

Restricted net position accounts for 28% of the total net position. The restricted net position results from restrictions imposed by external groups such as creditors, grantors, or other governments or through enabling legislation. \$38.4 million is restricted; of this amount, \$1.9 million for food service programs, \$3.4 million for community service programs, \$0.5 million for grants, \$2.1 million for debt service, and \$30.5 for the net pension asset.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The remaining net position, called unrestricted net position (deficit), decreased \$23.9 million, resulting in a \$19.7 million net deficit. The unrestricted net deficit exists because of the required restriction for the net pension asset of \$30.5 million.

Changes in Net Position

Table 2 provides summarized operating results and their impact on net position for the year ended June 30, 2020, compared to 2019.

Table 2					
Changes in Net Position from Operating Results					
(in thousands of dollars)					
	Governmental Activities		\$ Change	% Change	
	2020	2019			
Revenues					
Program Revenues					
Charges for services	\$ 4,141	\$ 4,426	\$ (285)	-6.4%	
Operating grants and contributions	37,130	40,560	(3,430)	-8.5%	
General Revenues					
Property taxes	87,371	88,581	(1,210)	-1.4%	
State and Federal Aids					
Not restricted	167,916	167,770	146	0.1%	
Interest and investment earnings	967	1,922	(955)	-49.7%	
Miscellaneous	890	966	(76)	-7.9%	
Total Revenues	298,415	304,225	(5,810)	-1.9%	
Expenses					
Instruction	162,802	162,902	(100)	-0.1%	
Support services	105,867	101,677	4,190	4.1%	
Community services	909	1,075	(166)	-15.4%	
Non-program transactions	7,451	5,947	1,504	25.3%	
Interest and fiscal charges	5,957	6,745	(788)	-11.7%	
Total Expenses	282,986	278,346	4,640	1.7%	
Change in Net Position	\$ 15,429	\$ 25,879	\$ (10,450)	-40.4%	

Note: May be rounding differences.

Revenues

The District relies primarily on property taxes (29.28%), state and federal aids that are not restricted (56.27%), and operating grants and contributions (12.44%) to fund District activities. School funding regulations restrict property tax and general state equalization aid amounts by which these two revenue sources, in combination, may be increased. This restriction, called the revenue limit, is intended to help hold down increases in property taxes throughout the state. The 2019-2020 District equalized property value of \$10,149,242,668, representing a 7.94% increase over the previous year. The total tax mill rate for 2019-2020 is \$8.59 and represents an 8.62% decrease from a year earlier. General state equalization aid is paid according to a complex formula. The formula considers district spending, pupil counts, and property values compared to spending and property values for the state as a whole. The District's general equalization state aid decreased by \$331,251 or 0.22% over the prior year.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Other variations between years existed within the sources of revenue as well. Program revenues, in the form of charges for services and operating grants and contributions, decreased \$3.4 million for governmental activities compared to the prior year due to decreased grant spending due to the State mandated COVID-19 pandemic closing of the District. Miscellaneous general revenues include general donations and gifts to the District. Those sources may vary from year to year based on the community's generosity. Interest and investment earnings are earnings on all cash sources. Investment earnings decreased as a result of COVID-19, causing the economy to slow down and provide reduced rates of return.

Expenses

Overall, total expenses experienced a net increase of \$4.6 million or 1.7% compared to the prior year. The increase in the support services function was primarily caused by the increase in the District's unfunded OPEB liability estimate for the Local Retiree Life Insurance Fund. The non-program transaction function saw a continued increase in expenses due to increasing numbers of students participating in the private school voucher program. On the other hand, the District saw expenditure decreases in several areas. Instruction and community services saw decreases in expenses due to the COVID-19 shut down for the last quarter of the fiscal year. While the District continued to pay the salary and benefits for all regular, full-time equivalent (FTE) staff, the physical school buildings were closed. The physical school building closures resulted in lower utility costs, lower pupil transportation costs, and lower substitute teacher costs. The District also saw savings related to interest and finance charges due to a current refunding, which decreased the interest payments schedule for current and future years.

Total and Net Cost of Governmental Activities

Table 3 presents the cost of the five major district activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden placed on the District's taxpayers by each of these functions.

Table 3 Total and Net Cost of Governmental Activities (in thousands of dollars)								
	Total Cost of Services		\$ Change	% Change	Net Cost of Services		\$ Change	% Change
	2020	2019			2020	2019		
Instruction	\$ 138,923	\$ 162,902	\$ (23,979)	-14.7%	\$ 138,923	\$ 138,385	\$ 538	0.4%
Support services	90,583	101,677	(11,094)	-10.9%	90,583	83,270	7,313	8.8%
Community services	877	1,075	(198)	-18.4%	877	958	(81)	-8.5%
Non-program transactions	5,716	5,947	(231)	-3.9%	5,716	4,697	1,019	21.7%
Interest and fiscal charges	5,616	6,745	(1,129)	-16.7%	5,615	6,050	(435)	-7.2%
Totals	\$ 241,715	\$ 278,346	\$ (36,631)	-13.2%	\$ 241,714	\$ 233,360	\$ 8,354	3.6%

Note: May be rounding differences.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The cost of all governmental activities this year was \$282,985,982. Individuals who directly participated or benefited from a program offering paid \$4,141,036 of the costs. Federal and state governments subsidized specific programs with grants and contributions of \$37,130,375. The general revenues of the District financed the net cost of governmental activities totaling \$241,714,571.

Governmental Funds

The District uses fund accounting to provide information on inflows, outflows, and balances of spendable resources. Fund statements report operations in more detail than the District-wide statements and provide information that may help in evaluating a district's near-term financing requirements.

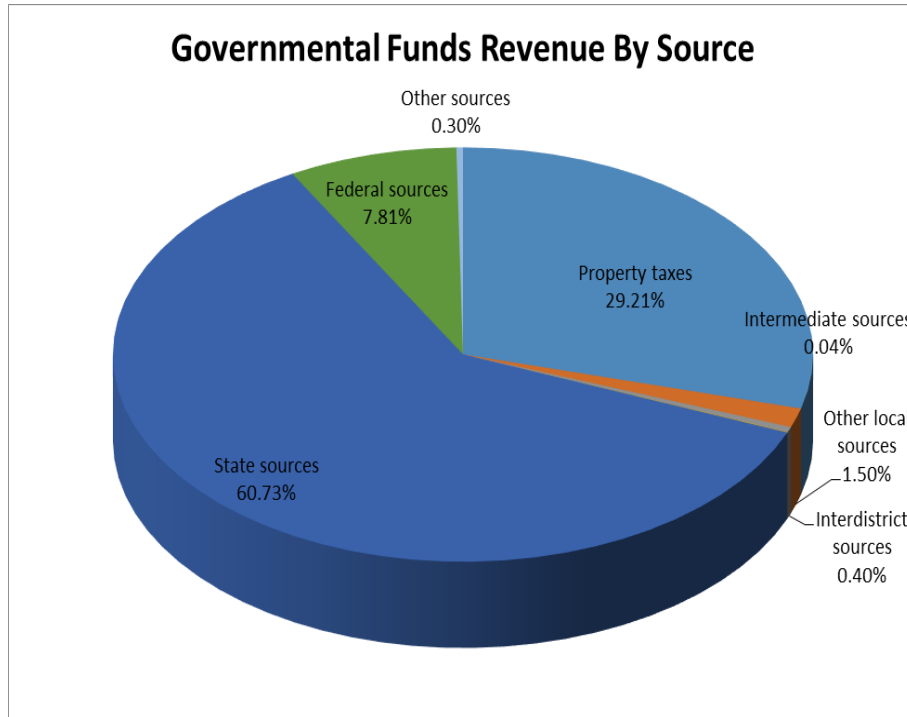
Revenues

Table 4 presents a comparison of the 2020 governmental funds revenue by source results to the 2019 results.

Table 4 Governmental Funds Revenue By Source (in thousands of dollars)				
			\$	%
	2020	2019		
Property taxes	\$ 87,179	\$ 88,385	\$ (1,206)	-1.36%
Other local sources	4,468	6,371	(1,903)	-29.87%
Interdistrict sources	1,204	924	280	30.30%
Intermediate sources	118	-	118	0.00%
State sources	181,223	181,920	(697)	-0.38%
Federal sources	23,318	25,304	(1,986)	-7.85%
Other sources	905	1,288	(383)	-29.74%
Total	<u>\$ 298,415</u>	<u>\$ 304,192</u>	<u>\$ (5,777)</u>	<u>-1.9%</u>

Note: May be rounding differences.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**



Total governmental fund revenues decreased from the prior year in total by 1.9%. Property taxes decreased 1.36%, and general state equalization aid in the state sources revenue category decreased .22%. Both of these revenues fall within the revenue limit calculation that also decreased for the fiscal year 2020.

Inter-district sources increased 30.30% due to an increase in open enrollment general tuition revenue. Other sources decreased 29.74% from the prior year as a result of decreases in the IRS bond rebates. Several of the District's general obligation bonds and notes which received annual rebates for debt interest payments were completed in the prior year or refunded in the current year. Going forward, the District will no longer receive IRS interest payment rebates.

Intermediate sources increased from the prior year due to a grant of \$118,000 obtained through CESA #4. This grant was only applicable to the fiscal year 2020.

The State of Wisconsin mandated shutdown of all schools from March 18, 2020, through June 30, 2020, due to the COVID-19 pandemic, which led to decreases in District revenue categories. Other local sources include several different types of fees related to students, athletics, fine arts, recreation programs, and building and other rentals. These programs were not operating during the state-mandated COVID-19 shutdown; therefore, no revenue was generated during that time, which resulted in a decrease of 29.87% in other local sources.

Also, federal sources decreased 7.85% from the prior year due to several federal programs impacted. First, Medicaid School-Based Services were not performed during the state-mandated COVID-19 shutdown; therefore, reimbursements were not claimed. Second, the National School Lunch Program (NSL) reimbursed the take-home meals served to students during the shutdown at the summer program rate rather than the NSL program rates. The change in reimbursement rates and the lower participation in the take-home meals compared to if students were in school and receiving meals

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

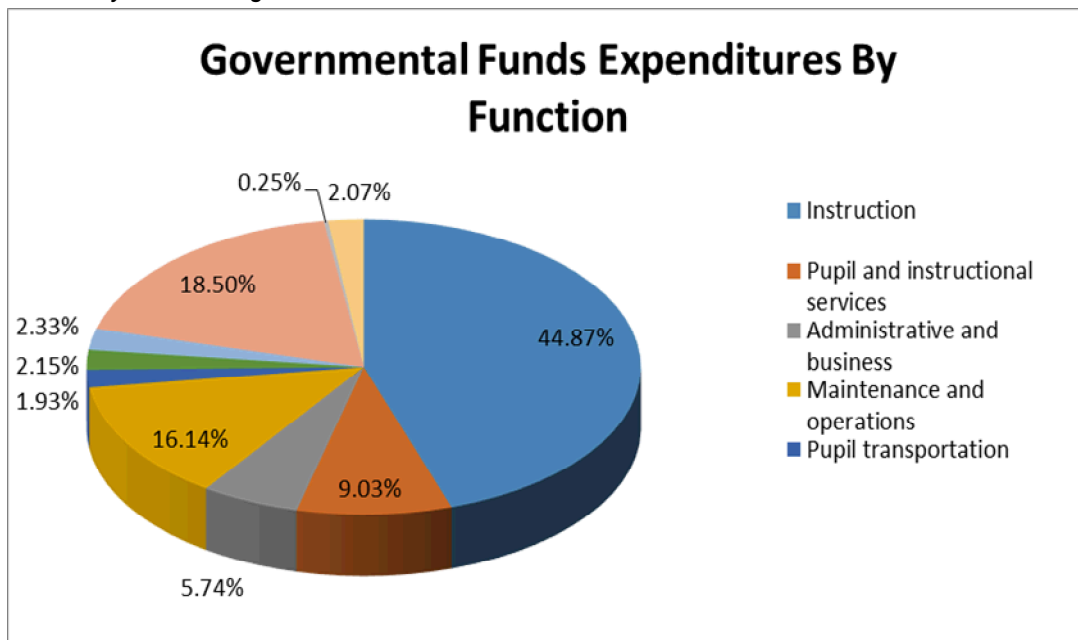
resulted in less revenue generated under the NSL program. Finally, other federal grants such as the Title grants and Special Education IDEA Grant underspent; therefore, the programs received less reimbursement.

Expenditures

Table 5 presents a comparison of the 2020 governmental funds expenditures by function results to the 2019 results.

Table 5 Governmental Funds Expenditures By Function (in thousands of dollars)				
			\$	%
	2020	2019	Change	Change
Instruction	\$ 161,823	\$ 169,674	\$ (7,851)	-4.6%
Pupil and instructional services	32,549	33,759	(1,210)	-3.6%
Administrative and business	20,687	20,052	635	3.2%
Maintenance and operations	47,402	52,503	(5,101)	-9.7%
Pupil transportation	6,957	7,176	(219)	-3.1%
Food services	7,755	8,607	(852)	-9.9%
Other support services	8,389	10,443	(2,054)	-19.7%
Debt service	66,700	15,944	50,756	318.3%
Community service	913	1,123	(210)	-18.7%
Non-program transactions	7,451	5,947	1,504	25.3%
Total	\$ 360,626	\$ 325,228	\$ 35,398	10.9%

Note: May be rounding differences.



**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Total governmental expenditures experienced an overall increase of 10.9% from the prior year. The increase resulted from the debt service function increase from the prior year netting with the other functions' decreases from the prior year.

The debt service function increased 318.3% from the prior year due to current debt refunding expenditures included in the function. The District issued \$45,960,000 in General Obligation Refunding Bonds with interest rates of 3.00% to 5.00%. The bond issuance paid off several existing debt obligations that had future principal and interest payments with interest rates of 3.50% to 8.00%. The new debt's payment schedule with lower interest rates provides the District with savings on future debt payments in present dollars of \$5,924,884. The refinancing is discussed further in the notes to the financial statements.

The State of Wisconsin mandated a building closure of all schools from March 18, 2020, through June 30, 2020, due to the COVID-19 pandemic. As a result, several of the operational functions saw a decrease in the expenditures compared to the prior year. The instruction function decreased 4.6% due to unfilled budgeted full-time equivalents (FTE's) during the year, reduced need for substitute teachers, and purchases for supplies and other school necessities that did not occur during the closure. Also, maintenance and operations function saw a decrease from the prior year by 9.7% due to decreased utility usage as the school district buildings were closed to the public and savings from the continuation of energy efficiency projects. Pupil transportation also decreased from the prior year due to the 4th quarter reduction in the contracted transportation payment for the pandemic closure. Food services function decreased 9.9% from the preceding year because of a reduction in food purchases and staffing due to the pandemic school closures.

The remaining expenditure functions had significant fluctuations not related to the pandemic. Other support services expenditures saw a decrease from the prior year of 19.7%. In the fiscal year 2019, the District made an additional contribution to the other post-employment benefits trust in the amount of \$1,576,000 recorded in this function. This additional other post-employment payment did not apply to the fiscal year 2020. On the other hand, non-program expenditures increased by 25.3% due to increasing open enrollment and private school voucher program participation from 2019. The District expects increased participation in the private school voucher program in the future.

Fund Balance

Table 6 provides a comparison of the governmental fund balances for the current year and the prior year.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Table 6 Comparison of Governmental Fund Balances (in thousands of dollars)				
Fund	Fund Balance		\$ Change	% Change
	2020	2019		
General Fund	\$ 61,669	\$ 57,004	\$ 4,665	8.2%
Head Start	-	-	-	0.0%
Donations	170	98	72	73.5%
Food service	1,946	2,846	(900)	-31.6%
Community service	3,415	3,192	223	7.0%
Debt service	3,354	4,044	(690)	-17.1%
Capital projects	5,224	20,055	(14,831)	-74.0%
	<u>\$ 75,778</u>	<u>\$ 87,239</u>	<u>\$(11,461)</u>	<u>-13.1%</u>

Note: May be rounding differences.

The District completed the year with a fund balance of \$75,778,204, which decreased from last year's ending fund balance of \$87,239,274 due to the following:

- The general fund had an increase in fund balance of \$4,665,798. The general fund's actual results are discussed further in the General Fund Budgetary Highlights below.
- The special revenue trust fund had an increase in fund balance of \$71,442. The special revenue trust fund tracks the use of gifts and donations from private parties.
- The food service fund balance had a decrease of \$900,664. The food service department experienced a significant drop in 4th quarter revenues to do the COVID-19 state-mandated shut down during the 4th quarter. Students were not in school to purchase meals or a la carte items. However, the District was required to provide students with nutritious pick-up and take-home meals at no charge. The federal reimbursement for these meals was lower than if the students were in school purchasing lunches or a la carte menu items.
- The community service fund's fund balance will fluctuate each year based on community service activities' timing.
- The debt service fund balance had a decrease of \$689,727. The debt service fund's fund balance will fluctuate each year based on bond activity and bond payment timing.
- The capital project fund had a decrease in the fund balance of \$14,830,643. The capital projects fund balance will fluctuate depending on the various projects' status and the corresponding unspent bond proceeds. Several years ago, the District issued \$75 million in debt obligations to complete phase II of the energy efficiency projects. The energy efficiency expenditures for this fiscal year were \$15 million. The District expects the energy efficiency projects to be completed by 2022.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District authorizes expenditures before the formal adoption of the budget in June for the subsequent fiscal year (beginning July 1st). Consistent with current state statutes and regulations, an original budget is adopted in October, following a determination of the official enrollment, the certification of general state aids, and equalized property valuations. After the October budget adoption, the District then notifies its respective municipalities of their share of the tax levy no later than November 10th, in compliance with Wis. Stat. 120.12(3)(a).

For budgetary purposes, DPI requires the District to separate the special education revenues and expenditures (Fund 27) from the general fund (fund 10) amounts. The required supplementary information section displays the budgetary schedules. The discussion below has been categorized by each fund.

General Fund (Fund 10)

The general fund was budgeted, anticipating no change in fund balance. The net change in the fund balance resulted in a surplus of \$4,665,798. The State of Wisconsin mandated a building closure of all Wisconsin schools from March 18, 2020, through June 30, 2020, due to the COVID-19 pandemic. As a result, several of the expenditure functions saw actual amounts less than the budget beyond the typical variances.

The general fund instruction function spent less than budget by \$5,451,334 due to unfilled budgeted full-time equivalents (FTE's) during the year, reduced need for substitute teachers, and purchases for supplies and other school necessities that did not occur during the closure. Also, the support services function spent less than budget by \$2,780,098 due to several reasons. Pupil services and instructional staff services also had unfilled budgeted full-time equivalents (FTE's) during the year and purchases for supplies and other school necessities that did not occur during the closure. Operations and Maintenance of Plant decreased utility usage as the school district buildings were closed to the public and savings from the energy efficiency projects. Pupil transportation also decreased from the prior year due to the 4th quarter reduction in the contracted transportation payment for the pandemic closure.

Special Education Fund

The special education fund was budgeted, anticipating a zero fund balance as required by DPI. To achieve the zero fund balance, the general fund finances excess special education fund expenditures with a transfer to the special education fund. The transfer into the special education fund from the general fund was \$281,771 more than budgeted.

The special education fund's expenditures budget to actual results emulates the general fund expenditure budget to actual results for similar reasons. The special education instruction function spent less than budget by \$2,543,302 due to unfilled budgeted full-time equivalents (FTE's) during the year and purchases for supplies and other school necessities that did not occur during the closure. Also, the support services function spent less than budget by \$1,492,786 due to several reasons. Pupil services and instructional staff services also had unfilled budgeted full-time equivalents (FTE's) during the year and purchases for supplies and other school necessities that did not occur during the closure. Pupil transportation also decreased from the prior year due to the 4th quarter reduction in the contracted transportation payment for the pandemic closure.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

In March of 2020, The World Health Organization declared the spread of Coronavirus or COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the District, we have described above some of the fiscal impacts the pandemic has had on the fiscal year 2020 financial results. The District is continuing to follow and take appropriate actions to commandeer this pandemic and the fiscal impacts that it may have on the District.

CAPITAL ASSETS

At the end of the fiscal year 2020, the District had invested \$371,905,426 in capital assets, including buildings, sites, and equipment (See Table 7). Total accumulated depreciation on these assets totals \$118,696,332. Capital Asset acquisitions for governmental activities totaled \$22,837,123. The majority of capital asset acquisitions are comprised of energy efficiency projects during the year, as shown in the building and improvements category. The District also removed furniture and equipment that has been disposed of as a result of the construction projects. The District recognized a depreciation expense of \$7,884,057 for governmental activities. Detailed information about capital assets can be found in Note 2(B) in the notes to the financial statements.

Table 7 Capital Assets (in thousands of dollars)				
	Governmental Activities		\$ Change	% Change
	2020	2019		
Land	\$ 10,059	\$ 10,059	\$ -	0.0%
Construction in progress	46,872	29,485	17,387	59.0%
Land improvements	17,011	16,861	150	0.9%
Buildings and improvements	272,729	268,375	4,354	1.6%
Furniture and equipment	25,234	25,410	(176)	-0.7%
Total	<u>\$ 371,905</u>	<u>\$ 350,190</u>	<u>\$ 21,715</u>	<u>6.2%</u>

Note: May be rounding differences.

OUTSTANDING LONG-TERM OBLIGATIONS ADMINISTRATION

Outstanding long-term obligations include general obligation debt and related premiums and/or discounts, compensated absences, other post-employment benefits liabilities, and net pension liability. These liabilities are shown below in Table 8. The District had \$128,095,000 in general obligation bonds at year-end – a decrease of 9.6% over last year due to principal paid.

Net pension liability changed to a net pension asset in the amount of \$30.4 million. The net change of \$64.2 million resulted from the actuarial study performed on behalf of the State of Wisconsin Retirement System (WRS) with a measurement date of December 31, 2019. The District does not have control over the results of that study.

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Table 8 Outstanding Long-term Obligations (in thousands of dollars)				
	Governmental Activities		\$ Change	% Change
	2020	2019		
General obligation debt				
Bonds and notes payable	\$ 128,095	\$ 141,649	\$ (13,554)	-9.6%
Premium on long-term debt	9,912	6,037	3,875	64.2%
Other liabilities				
Compensated absences	2,917	2,782	135	4.9%
Other post-employment benefits liability	52,433	48,022	4,411	9.2%
Net pension liability	-	34,035	(34,035)	-100.0%
Total	\$ 193,357	\$ 232,525	\$ (39,168)	-16.8%

Note: May be rounding differences.

At the time of issuance, the School Board secures the debt of the District by adopting an irrevocable tax levy. Wisconsin state statutes require that the District segregates the first property tax receipts for annual debt service payments.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District is continuing to experience expected declining enrollment, primarily attributed to decreased births in the community. This lower birthrate occurred most significantly during the years of 2008 to 2012, which first impacted kindergarten enrollments during the 2013-2014 school year. The 2019-20 enrollment was 20,919. The projected 2020-21 enrollment is 19,583, which also reflects significant losses related to the unprecedented COVID-19 pandemic. A considerable portion of the 2020-21 losses can be attributed to families choosing to delay their children's enrollment in pre-kindergarten and kindergarten early education programs which are non-mandatory.
- On September 18, 2019, Moody's Investors Service affirmed a MIG 1 short-term rating to the District's short-term tax and revenue anticipation promissory notes. This rating is the highest rating for short-term debt obligations. The MIG 1 short-term rating incorporates the historical timeliness and predictability of pledged revenues, which include property tax receipts and state aid, the accuracy of the District's past cash flow projections, as well as the reasonableness of the District's future cash flow projections.
- On September 18, 2019, Moody's Investors Service assigned an underlying rating of Aa2 to the District's long-term debt issued in the form of general obligation bonds. The Aa2 rating reflects the District's healthy financial position, sizable and growing tax base, and modest debt burden. Also incorporated are declining enrollment factors and a moderate pension burden.
- The District's tax base has experienced modest growth given the recent recovery in property valuations and ongoing development in the local economy. The District, located in Kenosha County along the busy I-94 transportation corridor and benefits from its position between the converging Milwaukee and Chicago metro areas. There has been significant development activity within the

**KENOSHA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

District's boundaries. Kenosha County is one of the fastest-growing regions in the State of Wisconsin.

- Advocate Aurora Health, a not-for-profit, integrated health system operating in Wisconsin and Illinois, opened a 100,000 square foot ambulatory care center and 100,000 square foot office building in Pleasant Prairie's Highlands Corporate Park. This investment brought 140 jobs and a \$130 million investment to the community.
- The Kroeger Co., the nation's largest grocery retailer and the world's largest dedicated online grocery retailer is investing \$135 million in a new 330,000 square foot customer fulfillment center in Pleasant Prairie.
- Silgan Containers, the largest provider of metal food packaging in the United States, has consolidated several regional facilities into one 525,000 square foot building in the Kenosha Corporate Park. The company brings 120 jobs and an investment of \$24 million.
- Fresenius Kabi, a global health care company, will occupy the first 590,525 square foot building in Pleasant Prairie's Stateline 94 Corporate Park. The company brings 100 jobs and a \$43 million investment to the community.
- The Stella Hotel and Ballroom is a 180-room boutique hotel and ballroom in Downtown Kenosha that brought 102 jobs and a \$25 million investment to the City of Kenosha.
- Nexus Pharmaceuticals, a privately held health care company specializing in generic and specialty drugs and injectables, will be building a 100,000 square foot high-tech manufacturing facility in Pleasant Prairie's Highlands Corporate Park. The investment will be bringing 80 jobs with an initial investment of \$85 million. The company plans to expand up to \$250 million investment and 200 jobs within the next ten years.
- United Conveyor Corporation develops environmental solutions for power generation and heavy industry. UCC combined two out of state facilities into a single 150,000 square foot production site in Pleasant Prairie's LakeView Corporate Park. This project brought 60 jobs and a \$10.9 million investment to the community.
- The overall economic conditions continue to be positive in and around Kenosha County. Kenosha County's unemployment rate continues to hover in the low to mid 3% range, with strong job and employment growth in the County, before the Covid-19 pandemic. The tight labor market is driving wage inflation, particularly at certain entry-level occupations. The strong job market and a growing industrial economy have also fueled residential growth.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This 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 questions about this report or need additional financial information, contact Kenosha Unified School District Finance Department (262-359-6300), Kenosha Unified School District, 3600 52nd Street, Kenosha, WI 53144.

**KENOSHA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 88,186,076
Receivables	
Taxes	18,786,808
Accounts, Net	3,802,379
Due from Other Governments	10,293,472
Inventories and Prepaid Items	592,930
Net Pension Asset	30,490,751
Capital Assets	
Nondepreciable	56,931,291
Depreciable	196,277,803
Total Assets	<u>405,361,510</u>
DEFERRED OUTFLOWS OF RESOURCES	
Loss on Advance Refunding	328,781
Pension Related Amounts	66,980,911
Other Postemployment Related Amounts	12,508,265
Total Deferred Outflows of Resources	<u>79,817,957</u>
LIABILITIES	
Short-Term Notes Payable	8,000,000
Accounts Payable	15,672,849
Accrued and Other Current Liabilities	21,814,027
Accrued Interest Payable	1,368,271
Due to Other Governments	23,684
Unearned Revenues	57
Deposits Payable	234,183
Long-Term Obligations	
Due in One Year	9,986,143
Due in More Than One Year	130,963,667
Other Postemployment Benefits Liability	52,433,033
Total Liabilities	<u>240,495,914</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	91,351,559
Other Postemployment Related Amounts	13,900,328
Total Deferred Inflows of Resources	<u>105,251,887</u>
NET POSITION	
Net Investment in Capital Assets	120,754,384
Restricted	38,412,708
Unrestricted	(19,735,426)
Total Net Position	<u>\$ 139,431,666</u>

See accompanying Notes to Financial Statements.

**KENOSHA UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 162,802,312	\$ 1,081,337	\$ 22,797,645	\$ -	\$ (138,923,330)
Support Services	105,866,677	1,824,157	13,459,967	-	(90,582,553)
Community Services	908,998	31,549	-	-	(877,449)
Nonprogram	7,451,273	1,203,993	531,562	-	(5,715,718)
Interest and Fiscal Charges	5,956,722	-	341,201	-	(5,615,521)
Total Governmental Activities	<u>\$ 282,985,982</u>	<u>\$ 4,141,036</u>	<u>\$ 37,130,375</u>	<u>\$ -</u>	<u>(241,714,571)</u>
GENERAL REVENUES					
Property Taxes					87,178,619
Other Taxes					192,327
State and Federal Aids not Restricted to Specific Functions					167,915,738
Interest and Investment Earnings					966,646
Contributions and Gifts					392,193
Miscellaneous					<u>498,270</u>
Total General Revenues					<u>257,143,793</u>
CHANGE IN NET POSITION					15,429,222
Net Position - Beginning of Year					<u>124,002,444</u>
NET POSITION - END OF YEAR					<u>\$ 139,431,666</u>

See accompanying Notes to Financial Statements.

**KENOSHA UNIFIED SCHOOL DISTRICT
BALANCE SHEET — GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
ASSETS					
Cash and Investments	\$ 69,676,184	\$ 9,807,836	\$ 3,354,221	\$ 5,347,835	\$ 88,186,076
Receivables					
Taxes	18,786,808	-	-	-	18,786,808
Accounts, Net	3,689,717	-	-	112,662	3,802,379
Due from Other Funds	229,319	-	-	-	229,319
Due from Other Governments	9,948,345	-	-	345,127	10,293,472
Inventories and Prepaid Items	240,839	-	-	352,091	592,930
Total Assets	<u>\$ 102,571,212</u>	<u>\$ 9,807,836</u>	<u>\$ 3,354,221</u>	<u>\$ 6,157,715</u>	<u>\$ 121,890,984</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Short-Term Notes Payable	\$ 8,000,000	\$ -	\$ -	\$ -	\$ 8,000,000
Accounts Payable	10,904,233	4,583,672	-	184,944	15,672,849
Accrued and Other Current Liabilities	21,839,027	-	-	-	21,839,027
Accrued Interest Payable	113,661	-	-	-	113,661
Due to Other Funds	-	-	-	229,319	229,319
Due to Other Governments	-	-	-	23,684	23,684
Unearned Revenues	-	-	-	57	57
Deposits Payable	44,898	-	-	189,285	234,183
Total Liabilities	<u>40,901,819</u>	<u>4,583,672</u>	<u>-</u>	<u>627,289</u>	<u>46,112,780</u>
FUND BALANCES					
Nonspendable	240,839	-	-	352,091	592,930
Restricted	461,736	5,224,164	3,354,221	5,008,519	14,048,640
Committed	153,356	-	-	169,816	323,172
Assigned	3,529,256	-	-	-	3,529,256
Unassigned	57,284,206	-	-	-	57,284,206
Total Fund Balances	<u>61,669,393</u>	<u>5,224,164</u>	<u>3,354,221</u>	<u>5,530,426</u>	<u>75,778,204</u>
Total Liabilities and Fund Balances	<u>\$ 102,571,212</u>	<u>\$ 9,807,836</u>	<u>\$ 3,354,221</u>	<u>\$ 6,157,715</u>	<u>\$ 121,890,984</u>

See accompanying Notes to Financial Statements.

**KENOSHA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Reconciliation to the Statement of Net Position

Total fund balances as shown on previous page	\$ 75,778,204
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	253,209,094
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Some deferred outflows and inflows of resources reflect changes in long-term liabilities (assets) and are not reported in the funds.

Deferred Outflows Loss on Advance Refunding	328,781
Deferred Outflows Related to Pensions	66,980,911
Deferred Inflows Related to Pensions	(91,351,559)
Deferred Outflows Related to Other Postemployment Benefits	12,508,265
Deferred Inflows Related to Other Postemployment Benefits	(13,900,328)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable	(128,095,000)
Premium on Debt	(9,912,655)
Compensated Absences	(2,917,155)
Other Postemployment Benefits Liability	(52,433,033)
Net Pension Liability (Asset)	30,490,751
Accrued Interest on Long-Term Obligations	<u>(1,254,610)</u>

**Net Position of Governmental Activities as Reported on the
Statement of Net Position (See page 20)**

	<u><u>\$ 139,431,666</u></u>
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KENOSHA UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES —
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
REVENUES					
Property Taxes	\$ 71,682,744	\$ -	\$ 13,995,875	\$ 1,500,000	\$ 87,178,619
Other Local Sources	2,654,759	219,522	80,142	1,513,743	4,468,166
Interdistrict Sources	1,203,993	-	-	-	1,203,993
Intermediate Sources	118,667	-	-	-	118,667
State Sources	181,063,414	-	-	159,786	181,223,200
Federal Sources	15,672,457	-	-	7,645,104	23,317,561
Other Sources	558,748	5,048	341,202	-	904,998
Total Revenues	272,954,782	224,570	14,417,219	10,818,633	298,415,204
EXPENDITURES					
Instruction					
Regular Instruction	109,491,108	-	-	263,562	109,754,670
Vocational Instruction	4,956,742	-	-	-	4,956,742
Special Education Instruction	37,959,142	-	-	-	37,959,142
Other Instruction	8,284,761	-	-	867,256	9,152,017
Total Instruction	160,691,753	-	-	1,130,818	161,822,571
Support Services					
Pupil Services	17,372,687	-	-	352,997	17,725,684
Instructional Staff Services	14,610,495	-	-	212,876	14,823,371
General Administration Services	1,864,806	-	-	397,524	2,262,330
School Administration Services	15,627,153	-	-	278,283	15,905,436
Business Services	2,518,682	-	-	-	2,518,682
Operations and Maintenance of Plant	32,064,118	15,055,213	-	282,822	47,402,153
Pupil Transportation Services	6,911,012	-	-	45,875	6,956,887
Food Services	-	-	-	7,754,604	7,754,604
Central Services	2,678,595	-	-	5	2,678,600
Insurance	985,393	-	-	-	985,393
Other Support Services	4,725,210	-	-	-	4,725,210
Total Support Services	99,358,151	15,055,213	-	9,324,986	123,738,350
Debt Service					
Principal	-	-	9,969,000	-	9,969,000
Interest and Fiscal Charges	343,852	-	6,842,409	-	7,186,261
Total Debt Service	343,852	-	16,811,409	-	17,155,261
Community Service	-	-	-	913,282	913,282
Nonprogram					
General Tuition Payments	6,561,240	-	-	-	6,561,240
Special Education Tuition Payments	497,695	-	-	-	497,695
Adjustments and Refunds	392,338	-	-	-	392,338
Total Nonprogram	7,451,273	-	-	-	7,451,273
Total Expenditures	267,845,029	15,055,213	16,811,409	11,369,086	311,080,737
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	5,109,753	(14,830,643)	(2,394,190)	(550,453)	(12,665,533)
OTHER FINANCING SOURCES (USES)					
Long-Term Refunding Debt Issued	-	-	45,960,000	-	45,960,000
Premium on Refunding Debt Issued	-	-	4,789,463	-	4,789,463
Debt Service - Principal Refunded	-	-	(49,545,000)	-	(49,545,000)
Transfers In	56,045	-	500,000	-	556,045
Transfers Out	(500,000)	-	-	(56,045)	(556,045)
Total Other Financing Sources (Uses)	(443,955)	-	1,704,463	(56,045)	1,204,463
NET CHANGE IN FUND BALANCES	4,665,798	(14,830,643)	(689,727)	(606,498)	(11,461,070)
Fund Balances - Beginning of Year	57,003,595	20,054,807	4,043,948	6,136,924	87,239,274
FUND BALANCES - END OF YEAR	<u>\$ 61,669,393</u>	<u>\$ 5,224,164</u>	<u>\$ 3,354,221</u>	<u>\$ 5,530,426</u>	<u>\$ 75,778,204</u>

See accompanying Notes to Financial Statements.

**KENOSHA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

Reconciliation to the Statement of Activities

Net change in fund balances as shown on previous page \$ (11,461,070)

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Capital Outlay Reported in Governmental	22,837,123
Depreciation Expense Reported in the Statement of Activities	(7,884,057)
Net Book Value of Disposals	(287,784)

Debt issued provides current financial resources to governmental funds, but
issuing debt increases long-term liabilities in the statement of net position.
Repayment of bond principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the statement of net position.

Long-Term Refunding Debt Issued	(45,960,000)
Premium on Refunding Debt Issued	(4,717,029)
Principal Paid	9,969,000
Principal Refunded	49,545,000

Some expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not reported as
expenditures in the governmental funds:

Accrued Interest on Long-Term Debt	381,718
Amortization of Debt Premium	841,143
Amortization of Loss on Advance Refunding	(65,756)
Compensated Absences	(343,712)
Net Pension Liability (Asset)	64,525,790
Deferred Outflows of Resources Related to Pensions	(21,537,466)
Deferred Inflows of Resources Related to Pensions	(44,395,147)
Other Postemployment Benefits	(4,411,218)
Deferred Outflows of Resources Related to Other Postemployment Benefits	8,271,925
Deferred Inflows of Resources Related to Other Postemployment Benefits	<u>120,762</u>

**Change in Net Position of Governmental Activities as Reported
in the Statement of Activities (See pages 21)**

\$ 15,429,222

**KENOSHA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION — FIDUCIARY FUNDS
JUNE 30, 2020**

	Retiree Health Insurance	Private Benefit Trust	Agency Pupil Activity	Total
ASSETS				
Cash and Investments	\$ 33,804,242	\$ 261,099	\$ 1,869,227	\$ 35,934,568
Accounts Receivable	8,026,155	-	-	8,026,155
Total Assets	<u>41,830,397</u>	<u>261,099</u>	<u>1,869,227</u>	<u>43,960,723</u>
LIABILITIES				
Accounts Payable	3,190,847	7,000	1,247	3,199,094
Due to Student Organizations	-	-	1,867,980	1,867,980
Total Liabilities	<u>3,190,847</u>	<u>7,000</u>	<u>1,869,227</u>	<u>5,067,074</u>
NET POSITION				
Restricted	<u>\$ 38,639,550</u>	<u>\$ 254,099</u>	<u>\$ -</u>	<u>\$ 38,893,649</u>

See accompanying Notes to Financial Statements.

**KENOSHA UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION — FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020**

	Retiree Health Insurance	Private Benefit Trust	Total
ADDITIONS			
Contributions			
Employer	\$ 10,482,243	\$ -	\$ 10,482,243
Plan Members	351,426	-	351,426
Investment Earnings	413,227	2,851	416,078
Other Sources	-	11,450	11,450
Total Additions	<u>11,246,896</u>	<u>14,301</u>	<u>11,261,197</u>
DEDUCTIONS			
Trust Fund Disbursements	4,718,297	14,201	4,732,498
Administrative Expenditures	13,500	-	13,500
Total Deductions	<u>4,731,797</u>	<u>14,201</u>	<u>4,745,998</u>
CHANGE IN NET POSITION	6,515,099	100	6,515,199
Net Position - Beginning of Year	<u>32,124,451</u>	<u>253,999</u>	<u>32,378,450</u>
NET POSITION - END OF YEAR	<u><u>\$ 38,639,550</u></u>	<u><u>\$ 254,099</u></u>	<u><u>\$ 38,893,649</u></u>

See accompanying Notes to Financial Statements.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Kenosha Unified School District is organized as a common school district governed by an elected seven-member school board. The District operates grades pre-kindergarten through grade 12, Head Start, and several adult education and recreation programs. The District is comprised of four municipal taxing districts (City of Kenosha, Village of Pleasant Prairie, Village of Somers and Town of Somers).

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

B. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The District has no business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. The District has no proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

General Fund

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. The District follows the regulatory requirements of the Wisconsin Department of Public Instruction, which requires educational programs for students with disabilities to be reported in a Special Education Fund (Fund 27), separate from other instructional activities reported in the General Fund (Fund 10). Under GAAP, the activities of the Special Education Fund are reported with General Fund activities because excess expenditures within the Special Education Fund are financed by a transfer from Fund 10. General Fund sources include financial aid received from the state and federal government and payments from other school districts.

Capital Projects Fund

This fund accounts for the resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

This fund accounts for the resources restricted for the repayment of principal and interest on outstanding debt.

The District reports the following nonmajor governmental funds:

- Special Revenue Funds: Head Start; Donations; Food Service; and Community Service.

Additionally, the District reports the following fund types:

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments

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

2. Property Taxes

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

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for nonpayment of a scheduled installment, and full receipt of the entire levy is assured within 60 days of fiscal year-end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

3. Accounts Receivable

Accounts receivable are recorded net of allowance for uncollectible amounts. The allowance for uncollectible accounts was \$176,295 on June 30, 2020.

4. Interfund Receivables and Payables

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Inventories

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

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

6. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

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

7. Capital Assets

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

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

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

Assets	Governmental Activities Years
Buildings	50
Building Improvement	20 to 25
Land Improvements	10 to 20
Furniture & Equipment	4 to 15
Computer & Related Technology	4 to 10

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Compensated Absences

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

9. Deferred Outflows/Inflows of Resources

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

10. Long-term Obligations

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

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

11. Pensions

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Other Postemployment Benefits Other Than Pensions (OPEB)

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Single-employer Defined Postemployment Benefit Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

13. Fund Equity

Governmental Fund Financial Statements

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

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

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

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

The District maintains a minimum fund balance policy for the General Fund. The policy states that the unassigned fund balance in the General Fund will be equal to a minimum of 15% and a maximum of 20% of the ensuing year's budgeted General Fund expenditures. Additional detail is provided in Note 2.I.

District-Wide Statements

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

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

C. Use of Estimates

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

The carrying amount of the District's cash and investments totaled \$124,120,644 on June 30, 2020 as summarized below:

Petty Cash and Cash on Hand	\$ 14,060
Deposits with Financial Institutions	10,741,389
Investments	
Repurchase Agreement	4,592,924
Wisconsin Investment Series Cooperative (WISC)	
Cash Management Series	423,481
Investment Series	108,347,576
Wisconsin Local Government Investment Pool	1,214
Total	<u>\$ 124,120,644</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position	
Cash and Investments	\$ 88,186,076
Fiduciary Fund Statement of Net Position	
Retiree Health Insurance	33,804,242
Private Benefit Trust	261,099
Agency Fund	1,869,227
Total	<u>\$ 124,120,644</u>

Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions

The District did have any assets or liabilities subject to fair value measurement as of June 30, 2020.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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

Custodial Credit Risk

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

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

As of June 30, 2020, \$11,227,029 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. \$11,227,029 as collateralized with securities held by the pledging financial institution or its trust department or agent in the District's name.

On June 30, 2020, the District held repurchase agreement investments of \$4,592,924 of which the underlying securities are held by the investment's counterparty, not in the name of the District.

Credit Risk

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk (Continued)

Investment Type	Amount	Exempt from Disclosure	AAA	AA	Not Rated
Wisconsin Local Government					
Investment Pool	\$ 1,214	\$ -	\$ -	\$ -	\$ 1,214
WISC Investments					
Cash Management Series	423,481	-	423,481	-	-
Investment Series	108,347,576	-	108,347,576	-	-
Totals	<u>\$ 108,772,271</u>	<u>\$ -</u>	<u>\$ 108,771,057</u>	<u>\$ -</u>	<u>\$ 1,214</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At June 30, 2020, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Local Government					
Investment Pool	\$ 1,214	\$ 1,214	\$ -	\$ -	\$ -
WISC Investments					
Cash Management Series	423,481	423,481	-	-	-
Investment Series	108,347,576	108,347,576	-	-	-
Repurchase Agreements	4,592,924	4,592,924	-	-	-
Totals	<u>\$ 113,365,195</u>	<u>\$ 113,365,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District's investments do not include investments that are highly sensitive to interest rate fluctuations.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$118,292,712 at year-end consisting of \$423,481 invested in the Cash Management Series \$108,347,576 invested in the Investment Series, and \$9,525,655 in savings deposit accounts and certificates of deposit. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less.

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

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$1,214 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 10,059,002	\$ -	\$ -	\$ 10,059,002
Construction in Progress	29,484,633	18,356,222	968,566	46,872,289
Total Capital Assets, Nondepreciable	39,543,635	18,356,222	968,566	56,931,291
Capital Assets, Depreciable:				
Land Improvements	16,861,127	220,121	69,995	17,011,253
Buildings and Improvements	268,374,995	4,533,852	180,126	272,728,721
Furniture and Equipment	25,409,780	695,494	871,113	25,234,161
Subtotals	310,645,902	5,449,467	1,121,234	314,974,135
Less Accumulated Depreciation for:				
Land Improvements	5,782,420	723,225	55,121	6,450,524
Buildings and Improvements	85,928,214	6,638,742	170,631	92,396,325
Furniture and Equipment	19,935,091	522,090	607,698	19,849,483
Subtotals	111,645,725	7,884,057	833,450	118,696,332
Total Capital Assets, Depreciable, Net	199,000,177	(2,434,590)	287,784	196,277,803
Governmental Activities Capital Assets, Net	\$ 238,543,812	\$ 15,921,632	\$ 1,256,350	253,209,094
Less: Capital Related Debt				(118,287,163)
Less: Debt Premium				(9,912,655)
Less: Retainage Payable and Construction-Related Accounts Payable				(4,583,673)
Add: Loss on Advance Refunding				328,781
Net Investment in Capital Assets				<u>\$ 120,754,384</u>

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

Governmental Activities	
Instruction	\$ 2,785,647
Support Services	5,095,453
Community Services	<u>2,957</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 7,884,057</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2020 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance		
Operating Cash Deficits		
General	\$ 229,319	\$ -
Special Revenue		
Head Start	-	229,319
Totals	<u>\$ 229,319</u>	<u>\$ 229,319</u>

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

Funds	Transfer In	Transfer Out
General	\$ 56,045	\$ 500,000
Special Revenue		
Head Start	-	56,045
Debt Service	500,000	-
Total	<u>\$ 556,045</u>	<u>\$ 556,045</u>

Interfund transfers were made for the following purposes:

Indirect Cost Reimbursement	\$ 56,045
Facilities Debt Service Transfer	500,000
Total	<u>\$ 556,045</u>

D. Short-Term Obligations

The District issued tax and revenue anticipation promissory notes in advance of property tax collections. The notes are needed because District expenses for the year begin in July whereas tax collections are not received until January. Short-term debt activity for the year ended June 30, 2020 was as follows:

	Outstanding 7/1/19	Issued	Retired	Outstanding 6/30/20
Tax and Revenue Anticipation Notes	<u>\$ 19,850,000</u>	<u>\$ 13,500,000</u>	<u>\$ 25,350,000</u>	<u>\$ 8,000,000</u>

Total interest paid for the year on short-term debt totaled \$787,339.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

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

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt					
Bonds	\$ 124,825,000	\$ 45,960,000	\$ 42,690,000	\$ 128,095,000	\$ 9,120,000
State Trust Fund Loans	16,824,000	-	16,824,000	-	-
Total General Obligation Debt	141,649,000	45,960,000	59,514,000	128,095,000	9,120,000
Debt Premium	6,036,769	4,717,029	841,143	9,912,655	841,143
Compensated Absences	2,782,297	159,858	-	2,942,155	25,000
Governmental Activities Long-Term Obligations	<u>\$ 150,468,066</u>	<u>\$ 50,836,887</u>	<u>\$ 60,355,143</u>	<u>\$ 140,949,810</u>	<u>\$ 9,986,143</u>

Total interest paid during the year on long-term debt totaled \$6,203,219.

Current Year Issuance

On October 8, 2019, the District issued \$45,960,000 General Obligation Refunding Bonds with an interest rate of 3.00% to 5.00%. The Bonds will mature serially on April 1 of the years 2020 through 2029. Interest on the bonds will be payable semi-annually, on April 1 and October 1 of each year beginning on April 1, 2020. The proceeds were used to refinance \$13,950,000 General Obligation Refunding Bonds, 2009A, \$20,000,000 Taxable General Obligation Refunding Bonds, 2009C (BABs), and \$15,595,000 State Trust Fund Loan, which had stated interest rates of 5.00% to 5.25%, 8.00%, and 3.50%, respectively. The debt service requirement of the old debt balance totaled \$64,588,832. The debt service requirement of the new debt balance totals \$55,248,468. The economic gain on refunding using an effective interest rate of 2.07% was \$5,924,884.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

		Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/20
General Obligation Bonds	Refinancing & EE Project	09/17/13	04/01/33	3.00%	\$ 23,100,000	\$ 12,605,000
General Obligation Bonds	Athletic Building	07/15/15	04/01/35	3.00% - 5.00%	30,005,000	22,220,000
General Obligation Bonds	Energy Efficiency Project	07/26/16	04/01/36	2.50% - 5.00%	28,945,000	17,620,000
General Obligation Bonds	Refunding & EE Project	06/15/17	04/01/37	3.00 - 5.00%	34,510,000	33,415,000
General Obligation Bonds	Refunding	10/08/19	04/01/29	3.00 - 5.00%	45,960,000	42,235,000
Total Outstanding General Obligation Debt						<u>\$ 128,095,000</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$128,095,000 on June 30, 2020 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 9,120,000	\$ 5,018,441	\$ 14,138,441
2022	7,860,000	4,619,591	12,479,591
2023	8,225,000	4,269,691	12,494,691
2024	8,625,000	3,903,291	12,528,291
2025	9,055,000	3,479,591	12,534,591
2026 - 2030	45,235,000	11,350,149	56,585,149
2031 - 2035	31,630,000	4,285,408	35,915,408
2036 - 2037	8,345,000	370,125	8,715,125
Total	<u>\$ 128,095,000</u>	<u>\$ 37,296,287</u>	<u>\$ 165,391,287</u>

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

The District's legal margin for creation of additional general obligation debt on June 30, 2020 was \$888,928,878 as follows:

Equalized Valuation of the District		\$ 10,149,242,668
Statutory Limitation Percentage		(x) 10%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes		<u>1,014,924,267</u>
Total Outstanding General Obligation Debt Applicable to Debt Limitation	\$ 128,095,000	
Less: Amounts Available for Financing General Obligation Debt		
Debt Service Fund, Less Accrued Interest	<u>2,099,611</u>	
Net Outstanding General Obligation Debt Applicable to Debt Limitation		<u>125,995,389</u>
Legal Margin for New Debt		<u>\$ 888,928,878</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Operating Leases

The District leases buildings and other equipment under long-term operating leases. The following is a schedule, by years, of future minimum rental payments required under long-term operating leases:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 985,481
2022	409,769
2023	316,565
2024	108,727
2025	62,597
2026 - 2030	181,648
2031 - 2033	35,490
Total Minimum Payments Required	<u>\$ 2,100,277</u>

Rent expense under all operating leases for the year ended June 30, 2020 amounted to \$1,045,274.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan

WRS Pension Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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 issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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 occupation employees, 62 for elected officials and executive service retirement plan participants if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

Vested participants may retire at or after age 55 (50 for protective 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.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Post-Retirement Adjustments

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

<u>Year Ended June 30,</u>	<u>Core Fund Adjustment</u>		<u>Variable Fund Adjustment</u>	
2010	(1.3)	%	22.0	%
2011	(1.2)		11.0	
2012	(7.0)		(7.0)	
2013	(9.6)		9.0	
2014	4.7		25.0	
2015	2.9		2.0	
2016	0.5		(5.0)	
2017	2.0		4.0	
2018	2.4		17.0	
2019	0.0		(10.0)	

Contributions

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

During the reporting period July 1, 2019 through June 30, 2020, the WRS recognized \$10,166,917 in contributions from the District.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Contributions (Continued)

Contribution rates for the reporting period are:

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

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

At June 30, 2020, the District reported asset of \$30,490,751 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.94560901%, which was a decrease of 0.01105310% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$11,634,952.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 57,878,417	\$ 28,964,274
Net differences between projected and actual earnings on pension plan investments	-	62,333,936
Changes in assumptions	2,376,039	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	316,325	53,349
Employer contributions subsequent to the measurement date	6,410,130	-
Total	<u>\$ 66,980,911</u>	<u>\$ 91,351,559</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

\$6,410,130 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2021	\$ (9,165,241)
2022	(6,788,707)
2023	1,167,844
2024	(15,994,674)
Total	<u>\$ (30,780,778)</u>

Actuarial Assumptions

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

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

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

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Core Fund Asset Class			
Global Equities	49.0 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0 %	7.5 %	4.6 %
Variable Fund Asset Class			
U.S. Equities	70.0 %	7.5 %	4.6 %
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0 %	7.8 %	4.9 %

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

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

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

	1% Decrease to Discount Rate <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase to Discount Rate <u>(8.00%)</u>
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 78,519,133	\$ (30,490,751)	\$(111,988,177)

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

Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$4,526,583 for the outstanding amount of contributions to the pension plan.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits

The District reports OPEB related balances at June 30, 2020 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Single-Employer Defined OPEB Plan	\$ 28,282,468	\$ 3,039,563	\$ 9,678,762	\$ 4,854,169
Local Retiree Life Insurance Fund (LRLIF)	24,150,565	9,468,702	4,221,566	1,646,606
Total	<u>\$ 52,433,033</u>	<u>\$ 12,508,265</u>	<u>\$ 13,900,328</u>	<u>\$ 6,500,775</u>

1. Single-Employer Defined Benefit Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

The District provides medical (including prescription drugs) and dental coverage for retired employees through the District's self-insured plans.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	263
Active Employees	<u>2,032</u>
Total	<u><u>2,295</u></u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

1. Single-Employer Defined Benefit Postemployment Benefit Plan (Continued)

Contributions

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

Employee Category

Certified Teachers

Eligibility: Dental Benefits - Any retiree who was working more than half-time and has attained age 62 and 15 years of service.

All other benefits - Any retiree who was working more than half-time and has attained age 55 and 15 years of service.

Retiree Health Benefits: District pays 100% of the health insurance premium for single or family coverage for employees retiring at age 62 or older but before age 65. District pays 100% of the health insurance premium for single coverage for employees retiring prior to age 62. District portion is 88% for retirements after September 1, 2014. The health benefits coverage will terminate when the retiree attains age 65.

Retiree Dental Benefits: District pays 90% of the dental insurance premiums for family coverage. The dental benefits coverage will terminate when the retiree attains age 65

Service Employees

Eligibility: Any retiree who was working full-time and has attained age 55 and 15 years of service.

Retiree Health Benefits: District pays 98.3% of the health insurance premium for single coverage. District portion is 88% for retirements after September 1, 2014. The health benefits coverage will terminate when the retiree attains age 65.

Carpenters and Painters

Eligibility: Any retiree who was working full-time and has attained age 57 and 15 years of service.

Retiree Health Benefits: District pays 98% of the health insurance premium for single coverage.

Secretaries

Eligibility: Any retiree who was working full-time and has attained age 57 and 15 years of service.

Retiree Health Benefits: District pays 98.3% of the health insurance premium for single coverage. District portion is 90% for retirements after September 1, 2014. The health benefits coverage will terminate when the retiree attains age 65.

Educational Assistants

Eligibility: Any retiree who was working full-time and has attained age 57 and 15 years of service.

Retiree Health Benefits: District pays 100% of the health insurance premium for single coverage. The health benefits coverage will terminate when the retiree attains age 65.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

1. Single-Employer Defined Benefit Postemployment Benefit Plan (Continued)

Contributions (Continued)

Administrators, Supervisors, and Technical Employees

Eligibility: Any retiree who was working full-time and has attained 55 and 15 years of service.

Retiree Health Benefits: District pays 100% of the health insurance premium. District portion is 88% for retirements after September 1, 2014. The health benefits coverage will terminate at age 65 for employees retiring with less than 20 years of service, at age 66 for employees retiring with 20 or more years of service but less than 25 years of service, and at age 67 for employees retiring with more than 25 years of service.

Retiree Dental Benefits: District pays 90% of the dental insurance premium for family coverage. The dental benefits coverage will terminate at age 65 for employees retiring with less than 20 years of service, at age 66 for employees retiring with 20 or more years of service but less than 25 years of service, and at age 67 for employees retiring with more than 25 years of service. No coverage for retirees after July 1, 2011.

Retiree Life Insurance: District pays a life insurance amount of 200% of the employee's compensation in the year before retirement if less than 66 years old, 150% of their salary if 66 years old, and 100% of their salary if 67 years old or older. No coverage for retirees after July 1, 2011.

Miscellaneous and Interpreters

Eligibility: Any Retiree who was working full-time and has attained age 55.

Retiree Health Benefits: Retiree pays 100% of the health insurance premium. The health benefits coverage will terminate when the retiree attains age 65.

Net OPEB Liability

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

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

Inflation:	2.30%
Salary Increases Including Inflation:	WRS
Investment Rate of Return:	2.30%
Healthcare Cost Trend Rates:	4.9% for 2019-20 increasing to 5.30% for 2020-2021, and decreasing to 3.70% thereafter

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

1. Single-Employer Defined Benefit Postemployment Benefit Plan (Continued)

Net OPEB Liability (Continued)

Mortality rates are the same as those used in the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the June 30, 2018 valuation were based on the "Wisconsin Retirement System 2015 - 2017 Experience Study".

The long-term expected rate of return on OPEB plan investments was valued at 2.30%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

Discount Rate. The discount rate used to measure the total OPEB liability was 2.24%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and then municipal bond rate applied to benefit payments, to the extent that the plans' fiduciary net position is not projected to be sufficient.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2019	\$ 65,575,168	\$ 32,124,451	\$ 33,450,717
Changes for the Year:			
Service Cost	4,529,182	-	4,529,182
Interest	2,337,899	-	2,337,899
Effect on Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	(1,547,420)	-	(1,547,420)
Effect of Assumptions Changes or Inputs	745,486	-	745,486
Contributions - Employer	-	10,482,243	(10,482,243)
Administrative Expenses	-	(13,500)	13,500
Member Contributions	-	351,426	(351,426)
Net Investment Income	-	413,227	(413,227)
Benefit Payments	(4,718,297)	(4,718,297)	-
Net Changes	1,346,850	6,515,099	(5,168,249)
Balance at June 30, 2020	\$ 66,922,018	\$ 38,639,550	\$ 28,282,468

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

1. Single-Employer Defined Benefit Postemployment Benefit Plan (Continued)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.24%) or 1-percentage-point higher (3.24%) than the current rate:

	1% Decrease to Discount Rate (1.24%)	Current Discount Rate (2.24%)	1% Increase to Discount Rate (3.24%)
Net OPEB Liability	\$ 32,484,437	\$ 28,282,468	\$ 24,235,295

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.9% decreasing to 2.7%) or 1-percentage-point higher (5.9% decreasing to 4.7%) than the current healthcare cost trend rates:

	1% Decrease (3.9% decreasing to 2.7%)	Healthcare Cost Trend Rates (4.9% decreasing to 3.7%)	1% Increase (5.9% decreasing to 4.7%)
Net OPEB Liability	\$ 21,600,971	\$ 28,282,468	\$ 36,111,381

OPEB plan fiduciary net position. Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$4,854,169. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,622,331	\$ 1,768,675
Changes in assumptions	667,506	7,910,087
Net difference between projected and actual earnings on OPEB plan investments	749,726	-
Total	<u>\$ 3,039,563</u>	<u>\$ 9,678,762</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

1. Single-Employer Defined Benefit Postemployment Benefit Plan (Continued)

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

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

<u>Year Ended June 30,</u>	<u>Expense</u>
2021	\$ (760,934)
2022	(848,195)
2023	(916,446)
2024	(958,215)
2025	(1,058,379)
Thereafter	(2,097,030)
Total	<u>\$ (6,639,199)</u>

Payable to the OPEB Plan

At June 30, 2020, the District reported a payable of \$8,026,155 for the outstanding amount of contribution to the Plan.

2. Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>. Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

Benefits Provided

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions

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

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

Contribution rates as of June 30, 2020 are:

Coverage Type	Employer Contribution
50% Post-Retirement Coverage	40% of Employee Contribution
25% Post-Retirement Coverage	20% of Employee Contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended June 30, 2020 are listed below:

Life Insurance Employee Contribution Rates* For the Year Ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the year ended June 30, 2020, LRLIF recognized \$113,374 in contributions from the employer.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

At June 30, 2020, the District reported a liability of \$24,150,565 for its proportionate share of the net LRLIF OPEB liability. The net LRLIF OPEB liability was measured as of December 31, 2019, and the total LRLIF OPEB liability used to calculate the net LRLIF OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net LRLIF OPEB liability was based on the District's share of contributions to the LRLIF OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 5.67155000%, which was an increase of 0.02457600% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,483,297 from the LRLIF plan.

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

	<u>Deferred of Resources</u>	<u>Deferred of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,081,913
Net differences between projected and actual earnings on OPEB plan investments	455,565	-
Changes in assumptions	8,909,251	2,656,381
Changes in proportion and differences between employer contributions and proportionate share of contributions	103,886	483,272
Total	<u>\$ 9,468,702</u>	<u>\$ 4,221,566</u>

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

<u>Year Ended June 30,</u>	<u>Expense</u>
2021	\$ 887,859
2022	887,859
2023	838,740
2024	788,145
2025	631,097
Thereafter	1,213,436
Total	<u>\$ 5,247,136</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

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

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

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 LRLIF OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2019			
Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45.0 %	2.12 %
U.S. Long Credit Bonds	Barclays Long Credit	5.0	2.90
U.S. Mortgages	Barclays MBS	50.0	1.53
Inflation			2.20
Long-Term Expected Rate of Return			4.25

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

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other-Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

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

	1% Decrease to Discount Rate <u>(1.87%)</u>	Current Discount Rate <u>(2.87%)</u>	1% Increase to Discount Rate <u>(3.87%)</u>
District's Proportionate Share of the Net LRLIF OPEB Liability	\$ 33,347,884	\$ 24,150,565	\$ 17,153,195

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

Payable to the LRLIF OPEB Plan

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

I. Fund Equity

Nonspendable Fund Balance

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

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Nonspendable Inventories and Prepaid Items	<u>\$ 240,839</u>	<u>\$ 352,091</u>	<u>\$ 592,930</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Restricted Fund Balance

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

General Fund	
Restricted for	
CTE Grant	\$ 303,527
Common School Library Fund	158,209
Total General Fund Restricted Fund Balance	<u>461,736</u>
Capital Projects Fund	
Restricted for	
Capital Expansion	<u>5,224,164</u>
Special Revenue Funds	
Restricted for	
Community Services	3,414,661
Food Services Program	1,593,858
Total Special Revenue Fund Restricted Fund Balance	<u>5,008,519</u>
Debt Service Fund	
Restricted for	
Retirement of Long-Term Debt	<u>3,354,221</u>
Total Restricted Fund Balance	<u>\$ 14,048,640</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2020, fund balance was committed as follows:

General Fund	
Committed for	
Contracts	\$ 153,356
Special Revenue Funds	
Committed for	
Donations	169,816
Total Committed Fund Balance	<u>\$ 323,172</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2020, fund balance was assigned as follows:

General Fund	
Assigned for	
Charter Schools	\$ 2,044,233
Budget Carryovers	<u>1,485,023</u>
Total General Fund Assigned Fund Balance	<u>3,529,256</u>
 Total Assigned Fund Balance	 <u><u>\$ 3,529,256</u></u>

Minimum General Fund Balance Policy

The District has also adopted a minimum fund balance policy that unassigned fund balance in the general fund will be equal to a minimum of 15% and a maximum of 20% of the ensuing year's budgeted general fund expenditures be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2020 General Fund Expenditures	\$ 266,014,670
Minimum Fund Balance %	(x) 15% - 20%
Minimum Fund Balance Amount	<u><u>\$39,902,201 to \$53,202,934</u></u>

The District's unassigned General Fund balance of \$57,284,206 is above the minimum and maximum fund balance amount.

Restricted Fiduciary Fund Net Position

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

Fiduciary Funds	
Restricted for	
Scholarships	\$ 254,099
Postemployment Benefits	<u>38,639,550</u>
Total Restricted Fiduciary Net Position	<u><u>\$ 38,893,649</u></u>

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Net Position

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

Governmental Activities	
Restricted for	
Debt Service	\$ 2,099,611
Food Service	1,945,949
Community Service	3,414,661
Grants	461,736
Net Pension Asset	30,490,751
Total Governmental Activities Restricted Net Position	<u>38,412,708</u>
 Total Restricted Net Position	 <u><u>\$ 38,412,708</u></u>

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from coverage in the prior year.

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the District, COVID-19 may impact various parts of its 2021 District operations and financial results. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Self-Funded Insurance Program

The District has a self-insured workman's compensation benefit plan for its employees. The Plan administrator, Aegis Corporation (administrator), is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2020.

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

As part of the workman's compensation coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$1 million per individual.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

Self-Funded Insurance Program (Continued)

At June 30, 2020, the District has reported a liability of \$1,299,400 which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2019 and June 30, 2020 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2019	\$ 1,237,243	\$ 1,872,867	\$ 1,505,827	\$ 1,604,283
2020	1,604,283	1,472,556	1,777,439	1,299,400

B. Contingencies

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

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

C. Limitation on School District Revenues

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

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

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Commitments

The District has active construction projects as of June 30, 2020. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Estimated future costs to complete the construction projects is approximately \$11,400,303.

E. Upcoming Accounting Pronouncements

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This statement is effective for reporting periods beginning after June 15, 2018.

The following standards are expected to be implemented as of June 30, 2021:

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

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. The statement objective is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement, as amended, is effective for reporting periods beginning after December 15, 2019. The District does not anticipate the standard to have any impact on the financial statements when adopted.

The following standards are considered significant to the District will be implemented after the June 30, 2021 financial statements:

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

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement is effective for periods beginning after June 15, 2022. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE —
BUDGET TO ACTUAL — GENERAL FUND — BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property Taxes	\$ 71,682,744	\$ 71,682,744	\$ 71,682,744	\$ -
Other Local Sources	2,873,568	3,144,866	2,647,973	(496,893)
Interdistrict Sources	925,000	925,000	1,203,993	278,993
Intermediate Sources	-	118,667	118,667	-
State Sources	170,692,803	170,866,904	170,663,505	(203,399)
Federal Sources	10,423,112	12,076,455	9,397,591	(2,678,864)
Other Sources	189,000	614,409	558,748	(55,661)
Total Revenues	256,786,227	259,429,045	256,273,221	(3,155,824)
EXPENDITURES				
Instruction				
Regular Instruction	113,236,156	114,721,298	109,491,108	5,230,190
Vocational Instruction	4,521,102	4,823,672	4,956,742	(133,070)
Other Instruction	8,387,568	8,638,975	8,284,761	354,214
Total Instruction	126,144,826	128,183,945	122,732,611	5,451,334
Support Services				
Pupil Services	11,513,392	11,496,351	11,135,602	360,749
Instructional Staff Services	21,565,449	14,896,549	13,227,636	1,668,913
General Administration Services	1,224,547	1,681,269	1,864,806	(183,537)
School Administration Services	15,258,902	15,397,234	15,627,153	(229,919)
Business Services	2,563,865	2,589,713	2,518,682	71,031
Operations and Maintenance of Plant	26,973,464	32,846,000	32,032,666	813,334
Pupil Transportation Services	4,534,518	4,527,876	4,399,217	128,659
Central Services	3,148,346	3,175,321	2,678,595	496,726
Insurance	705,150	705,150	985,393	(280,243)
Other Support Services	4,421,126	4,607,706	4,673,321	(65,615)
Total Support Services	91,908,759	91,923,169	89,143,071	2,780,098
Debt Service				
Interest and Fiscal Charges	409,355	409,355	343,852	65,503
Total Debt Service	409,355	409,355	343,852	65,503
Nonprogram				
General Tuition Payments	6,811,643	6,816,438	6,561,240	255,198
Adjustments and Refunds	-	-	392,281	(392,281)
Total Nonprogram	6,811,643	6,816,438	6,953,521	(137,083)
Total expenditures	225,274,583	227,332,907	219,173,055	8,159,852
EXCESS OF REVENUES OVER EXPENDITURES	31,511,644	32,096,138	37,100,166	5,004,028
OTHER FINANCING SOURCES (USES)				
Transfers In	276,811	276,811	216,302	(60,509)
Transfers Out	(31,788,455)	(32,372,949)	(32,650,670)	(277,721)
Total Other Financing Sources (Uses)	(31,511,644)	(32,096,138)	(32,434,368)	(338,230)
NET CHANGE IN FUND BALANCE	-	-	4,665,798	4,665,798
Fund Balance - Beginning of Year	57,003,595	57,003,595	57,003,595	-
FUND BALANCE - END OF YEAR	\$ 57,003,595	\$ 57,003,595	\$ 61,669,393	\$ 4,665,798

See Notes to Required Supplementary Information.

KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE —
BUDGET TO ACTUAL — SPECIAL EDUCATION SPECIAL REVENUE FUND —
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Other Local Sources	\$ 11,000	\$ 11,000	\$ 6,786	\$ (4,214)
State Sources	10,899,572	10,927,572	10,399,909	(527,663)
Federal Sources	9,185,437	10,008,218	6,274,866	(3,733,352)
Total Revenues	20,096,009	20,946,790	16,681,561	(4,265,229)
EXPENDITURES				
Instruction				
Special Education Instruction	39,722,084	40,502,444	37,959,142	2,543,302
Total Instruction	39,722,150	40,502,510	37,959,142	2,543,368
Support Services				
Pupil Services	6,336,625	6,468,676	6,237,085	231,591
Instructional Staff Services	1,109,581	1,890,352	1,382,859	507,493
Operations and Maintenance of Plant	16,819	39,744	31,452	8,292
Pupil Transportation Services	2,907,753	3,242,564	2,511,795	730,769
Other Support Services	50,415	66,530	51,889	14,641
Total Support Services	10,421,193	11,707,866	10,215,080	1,492,786
Nonprogram				
Special Education Tuition Payments	1,025,992	366,819	497,695	(130,876)
Adjustments and Refunds	-	-	57	(57)
Total Nonprogram	1,025,992	366,819	497,752	(130,933)
Total Expenditures	51,169,335	52,577,195	48,671,974	3,905,221
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(31,073,326)</u>	<u>(31,630,405)</u>	<u>(31,990,413)</u>	<u>(360,008)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	31,288,455	31,868,899	32,150,670	281,771
Transfers Out	(215,129)	(238,494)	(160,257)	78,237
Total Other Financing Sources (Uses)	31,073,326	31,630,405	31,990,413	360,008
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Required Supplementary Information.

KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS —
SINGLE-EMPLOYER DEFINED BENEFIT OTHER POSTEMPLOYMENT PLAN
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 4,529,182	\$ 6,106,457	\$ 6,136,970	\$ 6,651,090
Interest	2,337,899	4,072,739	3,595,120	2,902,942
Effect of Plan Changes	-	(30,983,814)	-	-
Effect of Economic/Demographic Gains or Losses	(1,547,420)	(485,969)	619,689	2,052,664
Effect of Assumptions Changes or Inputs	745,486	(5,083,461)	(1,839,964)	(4,525,856)
Benefit Payments	(4,718,297)	(7,729,757)	(6,739,916)	(8,699,457)
Net Change in Total OPEB Liability	1,346,850	(34,103,805)	1,771,899	(1,618,617)
Total OPEB Liability - Beginning	65,575,168	99,678,973	97,907,074	99,525,691
Total OPEB Liability - Ending (a)	<u>\$ 66,922,018</u>	<u>\$ 65,575,168</u>	<u>\$ 99,678,973</u>	<u>\$ 97,907,074</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 10,482,243	\$ 12,103,990	\$ 10,928,534	\$ 12,316,038
Net Investment Income	413,227	548,843	286,003	104,661
Benefit Payments	(4,718,297)	(7,729,757)	(6,739,916)	(8,699,457)
Administrative Expenses	(13,500)	-	-	372,857
Member Contributions	351,426	462,613	437,193	386,295
Net Change in Plan Fiduciary Net Position	6,515,099	5,385,689	4,911,814	4,480,394
Plan Fiduciary Net Position - Beginning	32,124,451	26,738,762	21,826,948	17,346,554
Plan Fiduciary Net Position - Ending (b)	<u>\$ 38,639,550</u>	<u>\$ 32,124,451</u>	<u>\$ 26,738,762</u>	<u>\$ 21,826,948</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 28,282,468</u>	<u>\$ 33,450,717</u>	<u>\$ 72,940,211</u>	<u>\$ 76,080,126</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	58%	49%	27%	22%
Covered-Employee Payroll	\$ 142,552,539	\$ 138,155,128	\$ 131,554,820	\$ 133,952,782
District's net OPEB liability as a percentage of covered-employee payroll	20%	24%	55%	57%
Annual money-weighted rate of return, net of investment expenses	1.17%	1.87%	1.18%	0.53%

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

See Notes to Required Supplementary Information.

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS —
SINGLE-EMPLOYER DEFINED BENEFIT OTHER POSTEMPLOYMENT PLAN
LAST 10 FISCAL YEARS***

	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 6,492,823	\$ 10,483,198	\$ 10,528,984	\$ 10,952,469
Contributions in Relation to the ADC	10,482,243	12,103,990	10,928,534	12,316,038
Contribution Deficiency (Excess)	<u>\$ (3,989,420)</u>	<u>\$ (1,620,792)</u>	<u>\$ (399,550)</u>	<u>\$ (1,363,569)</u>
Covered-Employee Payroll	\$ 142,552,539	\$ 138,155,128	\$ 131,554,820	\$ 133,952,782
Contributions as a Percentage of Covered-Employee Payroll	7.35%	8.76%	8.31%	9.19%

Key Methods and Assumption Used to Calculate ADC

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Amortization Method	30 year Level Dollar	30 year Level Dollar	30 year Level Dollar	30 year Level Dollar
Discount Rate	3.45%	3.85%	3.85%	3.57%
Inflation	2.30%	2.3%	2.3%	3.0%

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

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

Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	1.00717634%	\$ (24,739,006)	\$ 141,510,815	17.48 %	102.74 %
12/31/15	1.00194701%	16,281,444	143,092,222	11.38	98.20
12/31/16	1.00757730%	8,304,843	144,464,731	5.75	99.12
12/31/17	0.98029680%	(29,106,175)	138,468,955	21.02	102.93
12/31/18	0.95666211%	34,035,039	144,131,114	23.61	96.45
12/31/19	0.94560901%	(30,490,751)	154,669,147	(19.71)	102.96

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

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 9,783,986	\$ 9,783,986	\$ -	\$ 142,255,255	6.88 %
6/30/16	9,544,430	9,544,430	-	142,911,017	6.68
6/30/17	9,775,956	9,775,956	-	145,641,274	6.71
6/30/18	9,474,391	9,474,391	-	140,651,906	6.74
6/30/19	9,715,921	9,715,921	-	147,162,795	6.60
6/30/20	10,166,917	10,166,917	-	152,357,105	6.67

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

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) —
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS***

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	5.89314100%	\$ 17,729,987	\$ 138,468,955	12.80 %	44.81 %
12/31/18	5.64697400%	14,571,098	127,134,000	11.46	48.69
12/31/19	5.67155000%	24,150,565	126,461,000	19.10	37.58

**SCHEDULE OF CONTRIBUTIONS —
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS***

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
6/30/18	\$ 111,482	\$ 111,482	\$ -	\$ 140,651,906	0.00 %
6/30/19	110,439	110,439	-	147,162,795	0.00
6/30/20	113,374	113,374	-	152,357,105	0.00

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit Postemployment Benefit Plan

Changes of benefit terms. There were no changes in benefit terms included in the actuarial valuation for the year ended June 30, 2020.

Changes of assumptions. Actuarial assumptions are based on an actuarial experience study for the period 2015-2017 for the Wisconsin Retirement System. Based on the experience study, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates. The discount rate selected is in accordance with GASB 74/75. The expected claims and medical trend rates were changed to reflect anticipated experience under the most recent Getzen model application. The percentage of retirees electing family coverage for dental benefits was updated per a review of recent data. The overall impact of the new assumptions is an increase in the benefit obligation of \$745,486.

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

Local Retiree Life Insurance Fund

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

Changes of assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Additional information related to the Actuarial Assumptions are included in Note 2.H.2.

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

NOTE 2 WISCONSIN RETIREMENT SYSTEM

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

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

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

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

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.
- The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2020.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

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

	General	Special Education
Revenues		
Actual Amounts (Budgetary Basis)	\$ 256,273,221	\$ 16,681,561
Reclassification of Special Education	16,681,561	(16,681,561)
Total Revenues	<u>272,954,782</u>	<u>-</u>
Expenditures		
Actual Amounts (Budgetary Basis)	219,173,055	48,671,974
Reclassification of Special Education	48,671,974	(48,671,974)
Total Expenditures	<u>267,845,029</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures		
Actual Amounts (Budgetary Basis)	37,100,166	(31,990,413)
Reclassification of Special Education	(31,990,413)	31,990,413
Excess of Revenues Over (Under) Expenditures	<u>5,109,753</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual Amounts (Budgetary Basis)	(32,434,368)	31,990,413
Reclassification of Special Education	31,990,413	(31,990,413)
Total Other Financing Sources (Uses)	<u>(443,955)</u>	<u>-</u>
Net Change in Fund Balance		
Actual Amounts (Budgetary Basis)	4,665,798	-
Fund Balance - July 1		
Actual Amounts (Budgetary Basis)	<u>57,003,595</u>	<u>-</u>
Fund Balance - June 30		
Actual Amounts (Budgetary Basis)	<u>\$ 61,669,393</u>	<u>\$ -</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Special Revenue				Total Nonmajor Governmental Funds
	Head Start	Donations	Food Service	Community Service	
ASSETS					
Cash and Investments	\$ -	\$ 137,446	\$ 1,799,378	\$ 3,411,011	\$ 5,347,835
Receivables					
Accounts, Net	14,141	36,275	36,545	25,701	112,662
Due from Other Governments	252,019	-	93,108	-	345,127
Inventories and Prepaid Items	-	-	352,091	-	352,091
Total Assets	<u>\$ 266,160</u>	<u>\$ 173,721</u>	<u>\$ 2,281,122</u>	<u>\$ 3,436,712</u>	<u>\$ 6,157,715</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 36,841	\$ 3,905	\$ 122,147	\$ 22,051	\$ 184,944
Due to Other Funds	229,319	-	-	-	229,319
Due to Other Governments	-	-	23,684	-	23,684
Unearned Revenues	-	-	57	-	57
Deposits Payable	-	-	189,285	-	189,285
Total Liabilities	266,160	3,905	335,173	22,051	627,289
FUND BALANCES					
Nonspendable	-	-	352,091	-	352,091
Restricted	-	-	1,593,858	3,414,661	5,008,519
Committed	-	169,816	-	-	169,816
Total Fund Balances	<u>-</u>	<u>169,816</u>	<u>1,945,949</u>	<u>3,414,661</u>	<u>5,530,426</u>
Total Liabilities and Fund Balances	<u>\$ 266,160</u>	<u>\$ 173,721</u>	<u>\$ 2,281,122</u>	<u>\$ 3,436,712</u>	<u>\$ 6,157,715</u>

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

	Special Revenue				Total Nonmajor Governmental Funds
	Head Start	Donations	Food Service	Community Service	
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000
Other Local Sources	-	263,603	1,196,962	53,178	1,513,743
State Sources	-	-	159,786	-	159,786
Federal Sources	1,968,855	-	5,676,249	-	7,645,104
Total Revenues	1,968,855	263,603	7,032,997	1,553,178	10,818,633
EXPENDITURES					
Instruction					
Regular Instruction	263,538	24	-	-	263,562
Other Instruction	867,150	106	-	-	867,256
Total Instruction	1,130,688	130	-	-	1,130,818
Support Services					
Pupil Services	352,997	-	-	-	352,997
Instructional Staff Services	20,845	192,031	-	-	212,876
General Administration Services	-	-	-	397,524	397,524
School Administration Services	278,283	-	-	-	278,283
Operations and Maintenance of Plant	75,931	-	193,656	13,235	282,822
Pupil Transportation Services	39,467	-	-	6,408	45,875
Food Services	14,599	-	7,740,005	-	7,754,604
Central Services	-	-	-	5	5
Total Support Services	782,122	192,031	7,933,661	417,172	9,324,986
Community Service	-	-	-	913,282	913,282
Total Expenditures	1,912,810	192,161	7,933,661	1,330,454	11,369,086
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	56,045	71,442	(900,664)	222,724	(550,453)
OTHER FINANCING SOURCES (USES)					
Transfers Out	(56,045)	-	-	-	(56,045)
Total Other Financing Sources (Uses)	(56,045)	-	-	-	(56,045)
NET CHANGE IN FUND BALANCE	-	71,442	(900,664)	222,724	(606,498)
Fund Balance - Beginning of Year	-	98,374	2,846,613	3,191,937	6,136,924
FUND BALANCE - END OF YEAR	\$ -	\$ 169,816	\$ 1,945,949	\$ 3,414,661	\$ 5,530,426

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2020**

				Kenosha School of Technology Enhance Curriculum	Kenosha E- School	Harborside Academy
	Object	The Brompton School	Dimensions of Learning			
OPERATING ACTIVITY						
Employee Salaries	100	\$ 32,907	\$ 35,452	\$ 202,971	\$ 34,094	\$ 96,752
Employee Benefits	200	13,992	13,875	89,516	13,316	39,415
Purchased Services	300	3,320	1,154	18,411	946	20,335
Noncapital Objects	400	3,653	1,541	12,858	2,958	10,542
Other	900	-	14	15	-	20
Total		<u>\$ 53,872</u>	<u>\$ 52,036</u>	<u>\$ 323,771</u>	<u>\$ 51,314</u>	<u>\$ 167,064</u>

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL OPERATING COSTS
YEAR ENDED JUNE 30, 2020**

				Kenosha School of Technology Enhance Curriculum	Kenosha E-School	Harborside Academy
	WUFAR	The Brompton School	Dimensions of Learning			
Function						
Undifferentiated Curriculum	110000	\$ 945,177	\$ 1,160,069	\$ 7,537,717	\$ 1,223,784	\$ 3,953,835
Regular Curriculum	120000	419,303	159,465	13,345	-	67,020
Vocational Curriculum	130000	-	-	-	-	11,059
Physical Curriculum	140000	35,567	64,958	156,292	-	2,802
Special Education	150000	28,996	355	631,645	70,508	345,094
Co-curriculum Activities	160000	-	-	-	-	10,077
Pupil Services	210000	52,674	311	94,333	124,040	203,128
Instructional Staff Training	220000	25,167	153,812	363,168	117,125	88,184
Building Administration	240000	262,795	188,345	1,262,141	198,443	398,784
General Operations	253000	132,046	48,677	1,049,166	17,463	627,862
Other Support Services	290000	-	-	500	-	-
Total		<u>\$ 1,901,725</u>	<u>\$ 1,775,992</u>	<u>\$ 11,108,307</u>	<u>\$ 1,751,363</u>	<u>\$ 5,707,845</u>



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

To the Board of Education
Kenosha Unified School District
Kenosha, 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 Kenosha Unified School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Forms and Letters - Audit's basic financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control Over Financial Reporting

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

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

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

To the Board of Education
Kenosha Unified School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 25, 2020



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

To the Board of Education
Kenosha Unified School District
Kenosha, Wisconsin

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the 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 and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards and the Uniform Guidance and *State Single Audit Guidelines* issued by the Wisconsin Department of Administration 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration and which are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

The District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, 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 and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

To the Board of Education
Kenosha Unified School District

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 25, 2020

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/19	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/20	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	WI DPI	2020-302793-SB-546	\$ (58,887)	\$ 942,407	\$ -	\$ 883,520	\$ -
CARES Act - School Breakfast Program	10.553	WI DPI	2020-302793-SB-546	-	72,528	-	72,528	-
Total School Breakfast Program				(58,887)	1,014,935	-	956,048	-
National School Lunch Program	10.555	WI DPI	2020-302793-NSL-547	(171,146)	3,241,115	-	3,069,969	-
CARES Act - National School Lunch Program	10.555	WI DPI	2020-302793-NSL-547	-	260,892	-	260,892	-
Donated Commodities	10.555	WI DPI	Unknown	-	517,079	-	517,079	-
Total National School Lunch Program				(171,146)	4,019,086	-	3,847,940	-
Summer Food Service Program for Children	10.559	WI DPI	2020-302793-SFSP-586	(18,375)	66,894	-	48,519	-
CARES Act - Summer Food Service Program for Children	10.559	WI DPI	2020-302793-SFSP-586	-	585,713	93,108	678,821	-
Total Summer Food Service Program for Children				(18,375)	652,607	93,108	727,340	-
<i>Total Child Nutrition Cluster</i>				(248,408)	5,686,628	93,108	5,531,328	-
Team Nutrition Grants	10.574	WI DPI	2019-302793-17-TN Let's Plant Grant - 552	(174)	174	-	-	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2020-302793-19FFVP-B-376	-	125,046	-	125,046	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2020-302793-CNP Grants to ST. Fruit-594	-	19,874	-	19,874	-
Total Fresh Fruit and Vegetable Program				-	144,920	-	144,920	-
Total U.S. Department of Agriculture				(248,582)	5,831,722	93,108	5,676,248	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-302793-TIA-141	(2,290,439)	3,999,932	3,687,761	5,397,254	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-302793-TI-Delinquent-140	(9,338)	21,234	2,177	14,073	-
Total Title I Grants to Local Educational Agencies				(2,299,777)	4,021,166	3,689,938	5,411,327	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	WI DPI	2020-302793-IDEA-FT-341	(2,995,168)	6,832,318	2,330,127	6,167,277	-
Total Special Education Grants to States				(2,995,168)	6,832,318	2,330,127	6,167,277	-
Special Education Preschool Grants	84.173	WI DPI	2020-302793-IDEA-PS-347	(49,954)	133,859	39,682	123,587	-
<i>Total Special Education Cluster (IDEA)</i>				(3,045,122)	6,966,177	2,369,809	6,290,864	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2020-302793-CP-CTE-400	(74,566)	172,979	140,142	238,555	-
Education for Homeless Children and Youth	84.196	WI DPI	2020-302793-Education for Homeless Children and Youth-335	(16,680)	52,193	12,267	47,780	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2019-302793-21st Century CLC-367	(4,633)	4,633	-	-	-
English Language Acquisition State Grants	84.365	WI DPI	2020-302793-TIIIA-391	(80,193)	80,193	97,928	97,928	-
Supporting Effective Instruction State Grants	84.367	WI DPI	2020-302793-TIIIA-365	(351,560)	920,049	245,458	813,947	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2020-302793-TIVA-381	(16,606)	84,321	127,605	195,320	-
Total U.S. Department of Education				(5,889,137)	12,301,711	6,683,147	13,095,721	-

The Notes to the Schedules of Expenditures of Federal and State Awards are an integral part of this schedule.

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

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/19	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/20	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Head Start	93.600	Direct Program	N/A	(363,558)	2,080,394	252,019	1,968,855	-
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	44202800	(230,932)	2,695,328	34,163	2,498,559	-
<i>Total Medicaid Cluster</i>								
Total U.S. Department of Health and Human Services				(594,490)	4,775,722	286,182	4,467,414	-
Total Federal Awards				<u>\$ (6,732,209)</u>	<u>\$ 22,909,155</u>	<u>\$ 7,062,437</u>	<u>\$ 23,239,383</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements								
Federal Sources							\$ 23,317,561	
Less JROTC not Subject to Single Audit							78,178	
Total Federal Awards							<u>\$ 23,239,383</u>	

The Notes to the Schedules of Expenditures of Federal and State Awards are an integral part of this schedule.

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2020**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/19	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/20	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	302793-100	\$ -	\$ 10,318,478	\$ -	\$ 10,318,478	\$ -
State School Lunch Aid	255.102	Direct Program	302793-107	-	83,125	-	83,125	-
Common School Fund Library Aid	255.103	Direct Program	302793-104	-	1,106,109	-	1,106,109	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	302793-111	-	67,270	-	67,270	-
General Transportation Aid	255.107	Direct Program	302793-102	-	244,095	-	244,095	-
WI School Day Milk Program	255.115	Direct Program	302793-109	-	21,574	-	21,574	-
Equalization Aids	255.201	Direct Program	302793-116	(2,507,930)	149,689,902	2,450,728	149,632,700	-
High Cost Special Education Aid	255.210	Direct Program	302793-119	-	81,431	-	81,431	-
Supplemental Per Pupil Aid	255.245	Direct Program	302793-181	-	70,609	-	70,609	-
Special Education Transition Readiness Grant	255.257	Direct Program	302793-174	(17,968)	17,968	-	-	-
School Based Mental Health Services Grant	255.297	Direct Program	302793-177	(34,305)	34,305	-	-	-
Alcohol and Other Drug Abuse	255.306	Direct Program	302793-143	(2,437)	7,142	256	4,961	-
Head Start Supplement	255.327	Direct Program	302793-145	(51,274)	329,613	36,163	314,502	-
State School Breakfast Aid	255.344	Direct Program	302793-108	-	55,087	-	55,087	-
Tuition Payments by State	255.401	Direct Program	302793-157	-	142,800	-	142,800	-
Early College Credit Program	255.445	Direct Program	302793-178	-	2,773	-	2,773	-
Quality Matters	255.510	CESA #4	302793-180	-	108,934	9,733	118,667	-
High-Poverty Aid	255.926	Direct Program	302793-121	-	1,425,636	-	1,425,636	-
Educator Effective Evaluation System	255.940	Direct Program	302793-154	(21,548)	154,908	28,160	161,520	-
Per Pupil Aid	255.945	Direct Program	302793-113	-	15,607,228	-	15,607,228	-
Career and Technical Education Incentive Grants	255.950	Direct Program	302793-152	-	178,277	-	178,277	-
Assessments of Reading Readiness	255.956	Direct Program	302793-166	-	39,933	-	39,933	-
Robotics Lead Participation Grants	255.959	Direct Program	302793-168	-	638	-	638	-
Total Wisconsin Department of Public Instruction				(2,635,462)	179,787,835	2,525,040	179,677,413	-
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Initiative	455.206	Direct Program	2018-SSI-01-13141	(188,854)	269,751	284,804	365,701	-
Total School Safety Initiative and Wisconsin Department of Justice				(188,854)	269,751	284,804	365,701	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
Youth Apprenticeship Program	445.107	Direct Program	3659	(19,529)	48,314	25,419	54,204	-
Advanced Manufacturing	445.109	Direct Program	EF181AM10044	-	33,000	-	33,000	-
Total Wisconsin Department of Workforce Development				(19,529)	81,314	25,419	87,204	-
Total State Awards				\$ (2,843,845)	\$ 180,138,900	\$ 2,835,263	\$ 180,130,318	\$ -
Reconciliation to the Basic Financial Statements								
State Sources							\$ 181,223,200	
Intermediate Sources - Quality Matters							118,667	
Less: State Sources not Considered State Financial Assistance								
State Tax Computer Aid							389,423	
PILOT not Included on Summary							34,756	
Personal Property Aid							787,370	
Total State Awards							<u>\$ 180,130,318</u>	

The Notes to the Schedules of Expenditures of Federal and State Awards are an integral part of this schedule.

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE 1 BASIS OF PRESENTATION

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

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2019 - 2020 eligible costs under the State Special Education Program as reported by the District are \$40,855,905. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

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

**KENOSHA UNIFIED SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE 5 OVERSIGHT AGENCIES

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

Federal - U.S. Department of Health and Human Services

State - Wisconsin Department of Public Instruction

NOTE 6 PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services

WI DPI - Wisconsin Department of Public Instruction

NOTE 7 DONATED SERVICES

The District receives an undeterminable amount of donated services from a variety of unpaid volunteers assisting the Head Start program. Therefore, no amounts have been recorded in the Schedule of Expenditures of Federal Awards.

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020**

Section I – Summary of Auditors' Results

Basic Financial Statements

- | | | | |
|---|------------|-------------------------|--|
| 1. Type of auditor's report issued: | Unmodified | | |
| 2. Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | _____ Yes | _____ <u>X</u> _____ No | |
| • Were significant deficiency(ies) identified not considered to be a material weakness(es)? | _____ Yes | _____ <u>X</u> _____ No | |
| 3. Noncompliance material to basic financial statements noted? | _____ Yes | _____ <u>X</u> _____ No | |

Federal and State Awards

- | | | | |
|--|--------------------------|-------------------------|--|
| 1. Internal control over compliance: | | | |
| • Material weakness(es) identified? | _____ Yes | _____ <u>X</u> _____ No | |
| • Were significant deficiency(ies) identified not considered to be a material weakness(es)? | _____ <u>X</u> _____ Yes | _____ _____ No | |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) | _____ Yes | _____ <u>X</u> _____ No | |
| 4. Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ? | _____ <u>X</u> _____ Yes | _____ _____ No | |

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program
10.553, 10.555, and 10.559 84.367	Child Nutrition Cluster Supporting Effective Instruction State Grants

Identification of major state programs:

State ID Number(s)	Name of State Program
255.101	Special Education and School-Age Parents – Part 1
255.201	General Equalization Aids
255.103	Common School Library Fund
255.945	Per Pupil Aid

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

Federal	<u>\$ 750,000</u>
State	<u>\$ 250,000</u>

Auditee qualify as low-risk auditee? X Yes No

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal and State Award Findings and Questioned Costs

2020 – 001

State Agency: Wisconsin Department of Public Instruction
State Program Title: Special Education and School-Age Parents
State ID Number: 255.101

Award Period: July 1, 2019 to June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: Each LEA has an obligation to employ appropriately licenses staff, including special education staff. Staff must be appropriately licenses for a special education work assignment listed in state statute in order for their salary and benefits to be eligible for aid.

Condition: The procedures and controls to ensure compliance with the stated criteria failed to identify individuals time and effort that was charged to the Program.

Questioned costs: Known questioned costs were identified in our testing of \$24,907.

Context: In accordance with the sampling guidelines provided by the Wisconsin Department of Public Instruction, we sampled twenty-five (25) individuals. We noted three (3) individuals who were charged to the Program that did not meet the licensing requirements in accordance with the stated criteria.

Cause: The District's procedures and controls to ensure the appropriate special education license is maintained for employees' time and effort charged to this program failed to detect the exceptions noted in the context of this finding.

Effect: Without enhancement of the procedures and controls, there is a continued risk that individuals time and effort will continue to be charged to the Program without appropriate licensing.

Repeat Finding: No

Recommendation: We recommend that the District review their procedures and controls to ensure appropriate licensing for individuals charged to the Program. Revisions to the procedures should be made to enhance the effectiveness of the procedures and controls to reduce the risk that exceptions could continue in the future.

Views of responsible officials: There is no disagreement with the audit finding.

**KENOSHA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

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

Department of Health Services	No
Department of Public Instruction	No
Department of Justice	No
Department of Workforce Development	No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner



David L. Maccoux, CPA

5. Date of report November 25, 2020

Elementary schools

Bose Elementary School

1900 15th St., Kenosha, WI 53140
Phone: 359-4044 Fax: 359-4005
kUSD.edu/bose

Brass Community School

6400 15th Ave., Kenosha, WI 53143
Phone: 359-8000 Fax: 359-8050
kUSD.edu/brass

Curtis Strange Elementary School

5414 49th Ave., Kenosha, WI 53144
Phone: 359-6024 Fax: 359-6247
kUSD.edu/strange

EBSOLA Creative Arts

2600 50th St., Kenosha, WI 53140
Phone: 359-2300 Fax: 359-2400
kUSD.edu/ebsolaca

Forest Park Elementary School

6810 45th Ave., Kenosha, WI 53142
Phone: 359-6319 Fax: 359-6170
kUSD.edu/forestpark

Frank Elementary School

1816 57th St., Kenosha, WI 53140
Phone: 359-6324 Fax: 359-6393
kUSD.edu/frank

Grant Elementary School

1716 35th St., Kenosha, WI 53140
Phone: 359-6346 Fax: 359-6672
kUSD.edu/grant

Grewenow Elementary School

7714 20th Ave., Kenosha, WI 53143
Phone: 359-6362 Fax: 359-7706
kUSD.edu/grewenow

Harvey Elementary School

2012 19th Ave., Kenosha, WI 53140
Phone: 359-4040 Fax: 359-4020
kUSD.edu/harvey

Jefferson Elementary School

1832 43rd St., Kenosha, WI 53140
Phone: 359-6390 Fax: 359-7578
kUSD.edu/jefferson

Jeffery Elementary School

4011 87th St., Kenosha, WI 53142
Phone: 359-2100 Fax: 359-2033
kUSD.edu/jeffery

McKinley Elementary School

5520 32nd Ave., Kenosha, WI 53144
Phone: 359-6002 Fax: 359-7641
kUSD.edu/mckinley

Nash Elementary School

6801 99th Ave., Kenosha, WI 53142
Phone: 359-3500 Fax: 359-3550
kUSD.edu/nash

Pleasant Prairie Elementary School

9208 Wilmot Road, Pleasant Prairie, WI 53158
Phone: 359-2104 Fax: 359-2157
kUSD.edu/pleasantprairie

Prairie Lane Elementary School

10717 47th Ave., Pleasant Prairie, WI 53158
Phone: 359-3600 Fax: 359-3650
kUSD.edu/prairielane

Roosevelt Elementary School

3322 Roosevelt Road, Kenosha, WI 53142
Phone: 359-6097 Fax: 359-6107
kUSD.edu/roosevelt

Somers Elementary School

1245 72nd Ave., Kenosha, WI 53144
Phone: 359-3200 Fax: 359-3212
kUSD.edu/somers

Southport Elementary School

723 76th St., Kenosha, WI 53143
Phone: 359-6309 Fax: 359-5952
kUSD.edu/southport

Stocker Elementary School

6315 67th St., Kenosha, WI 53142
Phone: 359-2143 Fax: 359-2012
kUSD.edu/stocker

Vernon Elementary School

8518 22nd Ave., Kenosha, WI 53143
Phone: 359-2113 Fax: 359-2169
kUSD.edu/vernon

Whittier Elementary School

8542 Cooper Road, Pleasant Prairie, WI 53158
Phone: 359-2110 Fax: 359-2270
kUSD.edu/whittier

Wilson Elementary School

4520 33rd Ave., Kenosha, WI 53144
Phone: 359-6094 Fax: 359-5993
kUSD.edu/wilson

Charter schools

Harborside Academy

(Grades 6-12)
913 57th St., Kenosha, WI 53140
Phone: 359-8400 Fax: 359-8450
kUSD.edu/harborside

Kenosha School of Technology Enhanced Curriculum (KTEC)

KTEC East (Grades K-8):
6811 18th Ave., Kenosha, WI 53143
Phone: 359-3800 Fax: 359-3850
KTEC West (Grades 4K-8):
5710 32nd Ave., Kenosha, WI 53144
Phone: 359-7100 Fax: 359-7070
kUSD.edu/ktc

Kenosha eSchool

(Online school, grades K-12)
1808 41st Place, Kenosha, WI 53140
Phone: 359-7715 Fax: 359-5933
kUSD.edu/eschool

The Brompton School

(Grades K-8)
8518 22nd Ave., Kenosha, WI 53143
Phone: 359-2191 Fax: 359-2194
kUSD.edu/brompton

Dimensions of Learning Academy

(Grades K-8)
6218 25th Ave., Kenosha, WI 53143
Phone: 359-6849 Fax: 359-3134
kUSD.edu/dimensions

Head Start Center

Cesar E. Chavez Learning Station

6300 27th Ave., Kenosha, WI 53143
Phone: 359-6078 Fax: 359-6286
kUSD.edu/chavez

Specialty schools

Hillcrest School

(Bridges Center/T.I.M.E. Program, grades 6-12)
4616 24th St., Kenosha, WI 53144
Phone: 359-6118 Fax: 359-7870
kUSD.edu/hillcrest

Middle schools

Bullen Middle School

2804 39th Ave., Kenosha, WI 53144
Phone: 359-4460 Fax: 359-4487
kUSD.edu/bullen

Lance Middle School

4515 80th St., Kenosha, WI 53142
Phone: 359-2240 Fax: 359-2184
kUSD.edu/lance

Lincoln Middle School

6729 18th Ave., Kenosha, WI 53143
Phone: 359-6296 Fax: 359-5966
kUSD.edu/lincoln

Mahone Middle School

6900 60th St., Kenosha, WI 53144
Phone: 359-8100 Fax: 359-6851
kUSD.edu/mahone

Washington Middle School

811 Washington Road, Kenosha, WI 53140
Phone: 359-6291 Fax: 359-6056
kUSD.edu/washington

High schools

Bradford High School

3700 Washington Road, Kenosha, WI 53144
Phone: 359-6200 Fax: 359-5948
kUSD.edu/bradford

ITHSA High School

6800 60th St., Kenosha, WI 53144
Phone: 359-8700 Fax: 359-8756
kUSD.edu/indiantrail

Tremper High School

8560 26th Ave., Kenosha, WI 53143
Phone: 359-2200 Fax: 359-2353
kUSD.edu/tremper

Choice schools

LakeView Technology Academy (Grades 9-12)

9449 88th Ave., Pleasant Prairie, WI 53158
Phone: 359-8155 Fax: 359-8159
kUSD.edu/lakeview

Reuther Central High School (Grades 9-12)

913 57th St., Kenosha, WI 53140
Phone: 359-6160 Fax: 359-6281
kUSD.edu/reuther

ITHSA Academy

6800 60th St., Kenosha, WI 53144
Phone: 359-8700 Fax: 359-8756
kUSD.edu/indiantrail

EBSOLA Dual Language

2600 50th St., Kenosha, WI 53140
Phone: 359-2300 Fax: 359-2400
kUSD.edu/ebsoladl