

Wrightstown Community School District
Wrightstown, Wisconsin
ANNUAL FINANCIAL REPORT

June 30, 2019



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Wrightstown Community School District

Wrightstown, Wisconsin

JUNE 30, 2019

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Wrightstown Community School District

Wrightstown, Wisconsin

JUNE 30, 2019

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

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Independent auditors' report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Wrightstown Community School District, Wrightstown, Wisconsin (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of June 30, 2019, 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 budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

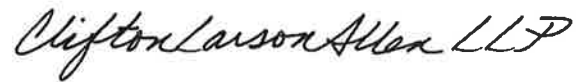
The supplementary information and the schedule of expenditures of federal awards and schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such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

Prior Year Summarized Financial Information

The 2018 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated November 30, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, the major fund and the aggregate remaining fund information from which the prior year summarized financial information was derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, 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.

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

CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 20, 2019

BASIC FINANCIAL STATEMENTS

Wrightstown Community School District

Wrightstown, Wisconsin

STATEMENT OF NET POSITION

JUNE 30, 2019

WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2018

	Governmental Activities	
	2019	2018
ASSETS		
Cash and investments	\$ 5,527,535	\$ 5,495,866
Receivables		
Taxes	1,539,681	1,425,298
Accounts	11,432	4,768
Due from other governments	228,508	188,858
Net pension asset	-	1,380,078
Capital assets		
Nondepreciable	297,800	297,800
Depreciable, net	14,876,955	15,269,014
Total assets	22,481,911	24,061,682
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	4,297,891	2,316,809
Other postemployment related amounts	156,898	188,405
Total deferred outflows of resources	4,454,789	2,505,214
LIABILITIES		
Accounts payable	388,852	186,007
Accrued and other current liabilities	59,657	67,453
Accrued interest payable	6,675	14,193
Due to other governments	12,000	11,692
Long-term obligations		
Due in one year	1,045,000	1,160,000
Due in more than one year	735,290	2,220,508
Other postemployment benefits liability	646,325	1,020,455
Pension liability	1,738,998	161,463
Total liabilities	4,632,797	4,841,771
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	2,415,586	2,739,751
Other postemployment related amounts	299,135	2,727
Total deferred inflows of resources	2,714,721	2,742,478
NET POSITION		
Net investment in capital assets	13,789,755	12,596,814
Restricted	808,848	2,578,134
Unrestricted	4,990,579	3,807,699
Total net position	\$ 19,589,182	\$ 18,982,647

The notes to the basic financial statements are an integral part of this statement.

Wrightstown Community School District

Wrightstown, Wisconsin

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2019	2018
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 8,824,950	\$ 591,838	\$ 739,544	\$ (7,493,568)	\$ (7,148,412)
Support services	6,399,534	430,023	412,460	(5,557,051)	(5,009,014)
Community services	115,298	32,079	-	(83,219)	(9,343)
Non-program	712,608	-	99,356	(613,252)	(582,888)
Interest and fiscal charges	53,539	-	-	(53,539)	(58,304)
Depreciation - unallocated	394,617	-	-	(394,617)	(395,167)
Total governmental activities	\$ 16,500,546	\$ 1,053,940	\$ 1,251,360	(14,195,246)	(13,203,128)
General revenues					
Property taxes				5,956,623	5,584,116
Other taxes				5,715	4,279
State and federal aids not restricted to specific functions				8,708,139	8,333,722
Interest and investment earnings				106,544	70,123
Miscellaneous				24,760	41,456
Total general revenues				<u>14,801,781</u>	<u>14,033,696</u>
Change in net position				606,535	830,568
Net position - July 1				<u>18,982,647</u>	<u>18,152,079</u>
Net position - June 30				<u>\$ 19,589,182</u>	<u>\$ 18,982,647</u>

The notes to the basic financial statements are an integral part of this statement.

Wrightstown Community School District

Wrightstown, Wisconsin

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	General	Other Governmental Funds	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 4,769,045	\$ 758,490	\$ 5,527,535	\$ 5,495,866
Receivables				
Taxes	1,539,681	-	1,539,681	1,425,298
Accounts	9,976	1,456	11,432	4,768
Due from other funds	-	50,000	50,000	10,000
Due from other governments	221,656	6,852	228,508	188,858
	<u>221,656</u>	<u>6,852</u>	<u>228,508</u>	<u>188,858</u>
Total assets	<u>\$ 6,540,358</u>	<u>\$ 816,798</u>	<u>\$ 7,357,156</u>	<u>\$ 7,124,790</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 387,577	\$ 1,275	\$ 388,852	\$ 186,007
Accrued and other current liabilities	59,657	-	59,657	67,453
Due to other funds	50,000	-	50,000	10,000
Due to other governments	12,000	-	12,000	11,692
	<u>509,234</u>	<u>1,275</u>	<u>510,509</u>	<u>275,152</u>
Total liabilities	<u>509,234</u>	<u>1,275</u>	<u>510,509</u>	<u>275,152</u>
Fund balances				
Restricted	-	815,523	815,523	1,212,249
Unassigned	6,031,124	-	6,031,124	5,637,389
	<u>6,031,124</u>	<u>815,523</u>	<u>6,846,647</u>	<u>6,849,638</u>
Total fund balances	<u>6,031,124</u>	<u>815,523</u>	<u>6,846,647</u>	<u>6,849,638</u>
Total liabilities and fund balances	<u>\$ 6,540,358</u>	<u>\$ 816,798</u>	<u>\$ 7,357,156</u>	<u>\$ 7,124,790</u>

The notes to the basic financial statements are an integral part of this statement.

Wrightstown Community School District

Wrightstown, Wisconsin

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 6,846,647	\$ 6,849,638
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.	15,174,755	15,566,814
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	4,297,891	2,316,809
Deferred inflows related to pensions	(2,415,586)	(2,739,751)
Deferred outflows related to other postemployment benefits	156,898	188,405
Deferred inflows related to other postemployment benefits	(299,135)	(2,727)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable	(1,385,000)	(2,970,000)
Compensated absences	(55,290)	(70,508)
Other postemployment benefits liability	(986,325)	(1,360,455)
Supplemental pension liability	(74,024)	(161,463)
WRS net pension asset (liability)	(1,664,974)	1,380,078
Accrued interest on long-term obligations	(6,675)	(14,193)
Net position of governmental activities as reported on the statement of net position (see page 4)	<u>\$ 19,589,182</u>	<u>\$ 18,982,647</u>

The notes to the basic financial statements are an integral part of this statement.

Wrightstown Community School District

Wrightstown, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	General	Other Governmental Funds	Totals	
			2019	2018
REVENUES				
Property taxes	\$ 4,496,623	\$ 1,460,000	\$ 5,956,623	\$ 5,584,116
Other local sources	168,461	456,579	625,040	579,640
Interdistrict sources	529,134	-	529,134	466,508
Intermediate sources	4,582	-	4,582	485
State sources	9,237,013	7,613	9,244,626	8,756,861
Federal sources	465,682	226,957	692,639	603,899
Other sources	22,358	32,079	54,437	65,942
Total revenues	<u>14,923,853</u>	<u>2,183,228</u>	<u>17,107,081</u>	<u>16,057,451</u>
EXPENDITURES				
Instruction				
Regular instruction	5,714,356	-	5,714,356	5,513,000
Vocational instruction	687,943	-	687,943	686,098
Special education instruction	992,139	-	992,139	989,530
Other instruction	923,498	2,603	926,101	904,520
Total instruction	<u>8,317,936</u>	<u>2,603</u>	<u>8,320,539</u>	<u>8,093,148</u>
Support services				
Pupil services	655,861	-	655,861	557,997
Instructional staff services	532,946	-	532,946	661,954
General administration services	515,988	-	515,988	406,632
School administration services	652,777	-	652,777	580,851
Business services	258,594	-	258,594	286,106
Operations and maintenance of plant	1,530,162	219,992	1,750,154	3,950,791
Pupil transportation services	571,493	-	571,493	560,196
Food services	-	647,632	647,632	644,552
Central services	68,360	-	68,360	631,225
Insurance	77,787	-	77,787	104,131
Other support services	585,606	-	585,606	100,635
Total support services	<u>5,449,574</u>	<u>867,624</u>	<u>6,317,198</u>	<u>8,485,070</u>
Debt service				
Principal	-	1,585,000	1,585,000	830,000
Interest and fiscal charges	-	61,057	61,057	66,167
Total debt service	<u>-</u>	<u>1,646,057</u>	<u>1,646,057</u>	<u>896,167</u>
Community service	-	113,670	113,670	47,511
Non-program				
General tuition payments	510,369	-	510,369	445,741
Special education tuition payments	160,574	-	160,574	112,014
Adjustments and refunds	957	-	957	18,680
Voucher payments	40,708	-	40,708	39,588
Total non-program	<u>712,608</u>	<u>-</u>	<u>712,608</u>	<u>616,023</u>
Total expenditures	<u>14,480,118</u>	<u>2,629,954</u>	<u>17,110,072</u>	<u>18,137,919</u>
Excess of revenues over (under) expenditures	<u>443,735</u>	<u>(446,726)</u>	<u>(2,991)</u>	<u>(2,080,468)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,000	50,000	10,005
Transfers out	(50,000)	-	(50,000)	(10,005)
Total other financing sources (uses)	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	393,735	(396,726)	(2,991)	(2,080,468)
Fund balances - July 1	<u>5,637,389</u>	<u>1,212,249</u>	<u>6,849,638</u>	<u>8,930,106</u>
Fund balances - June 30	<u>\$ 6,031,124</u>	<u>\$ 815,523</u>	<u>\$ 6,846,647</u>	<u>\$ 6,849,638</u>

The notes to the basic financial statements are an integral part of this statement.

Wrightstown Community School District

Wrightstown, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ (2,991)	\$ (2,080,468)
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 fund statements	172,464	2,728,745
Depreciation expense reported in the statement of activities	(564,523)	(506,544)
Net book value of disposals	-	(10,075)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repaid	1,585,000	830,000
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	7,518	7,863
Compensated absences	15,218	5,319
WRS net pension liability (asset)	(3,045,052)	1,752,742
Supplemental pension liability	(10,097)	4,158
Deferred outflows of resources related to supplemental pension	-	(15,800)
Deferred inflows of resources related to supplemental pension	-	(6,053)
Deferred outflows of resources related to pensions	1,981,082	(361,903)
Deferred inflows of resources related to pensions	421,701	(1,561,703)
Other postemployment benefits liability	374,130	22,897
Deferred outflows of resources related to other postemployment benefits	(31,507)	24,117
Deferred inflows of resources related to other postemployment benefits	<u>(296,408)</u>	<u>(2,727)</u>
Change in net position of governmental activities as reported in the statement of activities (see page 5)	<u>\$ 606,535</u>	<u>\$ 830,568</u>

The notes to the basic financial statements are an integral part of this statement.

Wrightstown Community School District Wrightstown, Wisconsin

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019
WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2018**

	Pupil Activity Agency Fund	
	2019	2018
ASSETS		
Cash and investments	\$ 252,676	\$ 248,727
LIABILITIES		
Due to student organizations	\$ 252,676	\$ 248,727

The notes to the basic financial statements are an integral part of this statement.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Wrightstown Community School District, Wrightstown, Wisconsin (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 District is organized as a common school district. The District, governed by an elected seven member board, operates grades 4K through 12 and is comprised of all or parts of nine taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. 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* are primarily supported by taxes and intergovernmental revenues.

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

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

The District reports the following major governmental fund:

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.

Additionally, the District reports the following fund types:

- ▶ The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The district-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded 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.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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.

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

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

2. Property Taxes

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

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

3. Accounts Receivable

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

Wrightstown Community School District

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

4. Interfund Receivables and Payables

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

5. 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 \$10,000 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:

<u>Assets</u>	<u>Governmental Activities Years</u>
Site improvements	20
Buildings	20-50
Furniture and equipment	5-20

6. Compensated Absences

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

7. Deferred Outflows/Inflows of Resources

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

8. Long-term Obligations

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

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

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9. Pensions

Wisconsin Retirement System

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.

Supplemental Pension Plan

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

10. Other Postemployment Benefits Other Than Pensions (OPEB)

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

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.

11. Fund Equity

Governmental Fund Financial Statements

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

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

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- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

District-wide Statements

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

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

E. USE OF ESTIMATES

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

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

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.

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The carrying amount of the District's cash and investments totaled \$5,780,211 on June 30, 2019 as summarized below:

Deposits with financial institutions	\$ 1,514,367
Investments	
Wisconsin Investment Series Cooperative	<u>4,265,844</u>
	<u>\$ 5,780,211</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 5,527,535
Fiduciary fund statement of net position	
Agency fund	<u>252,676</u>
	<u>\$ 5,780,211</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District currently has no investments that are subject to fair value measurement.

Deposits and investments of the District are subject to various risks. Presented next 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. 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, 2019, \$718,329 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

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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.

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Wisconsin Investment Series Cooperative (WISC)	\$ 4,265,844	\$ -	\$ 4,265,844	\$ -	\$ -

Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Wisconsin Investment Series Cooperative	\$ 4,265,844	\$ 4,265,844	\$ -	\$ -	\$ -

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$4,265,844 at year-end, all of which is invested in the Investment Series. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, 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 Cooperate Statute, Wisconsin Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

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B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 297,800	\$ -	\$ -	\$ 297,800
Capital assets, depreciable:				
Site improvements	1,681,147	-	-	1,681,147
Buildings	22,040,776	108,112	-	22,148,888
Furniture and equipment	1,316,539	64,352	-	1,380,891
Subtotals	<u>25,038,462</u>	<u>172,464</u>	<u>-</u>	<u>25,210,926</u>
Less accumulated depreciation for:				
Site improvements	575,214	37,061	-	612,275
Buildings	8,664,654	422,508	-	9,087,162
Furniture and equipment	529,580	104,954	-	634,534
Subtotals	<u>9,769,448</u>	<u>564,523</u>	<u>-</u>	<u>10,333,971</u>
Total capital assets, depreciable, net	<u>15,269,014</u>	<u>(392,059)</u>	<u>-</u>	<u>14,876,955</u>
Governmental activities capital assets, net	<u>\$ 15,566,814</u>	<u>\$ (392,059)</u>	<u>\$ -</u>	<u>15,174,755</u>
Less: Capital related debt				<u>1,385,000</u>
Net investment in capital assets				<u>\$ 13,789,755</u>

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

Regular Instruction	\$ 315
Other instruction	2,641
Operation and maintenance of plant	125,105
Central services	41,845
Unallocated	394,617
	<u>\$ 564,523</u>

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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, 2019 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Transfer funds to capital improvement trust fund		
Governmental funds		
General	\$ -	\$ 50,000
Capital Improvement Trust	50,000	-
	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Totals	<u>\$ 50,000</u>	<u>\$ 50,000</u>

The interfund balance at year end was to record a transfer to the capital improvement trust fund within 30 days of fiscal year end in accordance with DPI guidelines.

Interfund transfers for the year ended June 30, 2019 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Capital Improvement Trust	\$ 50,000	\$ -
General	-	50,000
	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Interfund transfers were made to increase the capital improvement trust fund balance.

D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt					
Notes	\$ 2,970,000	\$ -	\$ 1,585,000	\$ 1,385,000	\$ 705,000
Compensated absences	70,508	8,993	24,211	55,290	-
Governmental activities					
Long-term obligations	<u>\$ 3,040,508</u>	<u>\$ 8,993</u>	<u>\$ 1,609,211</u>	<u>\$ 1,440,290</u>	<u>\$ 705,000</u>

Total interest paid during the year on long-term debt totaled \$61,057.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/19</u>
General obligation notes	3/1/17	3/1/21	1.81% - 2.05%	\$ 3,800,000	\$ 1,385,000

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Annual principal and interest maturities of the outstanding general obligation debt of \$1,385,000 on June 30, 2019 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 705,000	\$ 26,700	\$ 731,700
2021	680,000	13,940	693,940
	<u>\$ 1,385,000</u>	<u>\$ 40,640</u>	<u>\$ 1,425,640</u>

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

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2019 was \$70,638,626 as follows:

Equalized valuation of the District		\$ 719,987,676
Statutory limitation percentage		(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		71,998,768
Total outstanding general obligation debt applicable to debt limitation	\$ 1,385,000	
Less: Amounts available for financing general obligation debt		
Debt service fund, less accrued interest payable	24,858	
Net outstanding general obligation debt applicable to debt limitation		1,360,142
Legal margin for new debt		<u>\$ 70,638,626</u>

E. PENSION PLANS

The District reports pension related balances at June 30, 2019, as summarized below:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Wisconsin Retirement System (WRS)	\$ 1,664,974	\$ 4,297,891	\$ 2,311,997	\$ 1,120,635
Supplemental pension plan	74,024	-	103,589	10,097
Total	<u>\$ 1,738,998</u>	<u>\$ 4,297,891</u>	<u>\$ 2,415,586</u>	<u>\$ 1,130,732</u>

1. 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>.

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.

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	10%
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17

Contributions

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

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During the reporting period ending June 30, 2019, the WRS recognized \$477,382 in contributions from the District.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At June 30, 2019, the District reported a liability of \$1,664,974 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.04679937%, which was an increase of 0.00031828% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,120,635.

At June 30, 2019, 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	\$ 1,296,761	\$ 2,292,210
Net differences between projected and actual earnings on pension plan investments	2,431,581	-
Changes in assumptions	280,652	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,042	19,787
Employer contributions subsequent to the measurement date	286,855	-
Total	<u>\$ 4,297,891</u>	<u>\$ 2,311,997</u>

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The \$286,855 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 liability 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:

Year Ended		Expense
June 30		
2020	\$	616,627
2021		151,154
2022		266,737
2023		664,521
Total	\$	1,699,039

Actuarial Assumptions

The total pension asset in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2017
Measurement date of net pension liability:	December 31, 2018
Actuarial cost method:	Entry Age
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. Based upon this experiences study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

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	<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%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
Variable Fund Asset Class			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. 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 7.00 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
District's proportionate share of the net pension liability (asset)	\$ 6,616,784	\$ 1,664,974	\$ (2,017,079)

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>.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Payable to the Pension Plan

At June 30, 2019, the District reported a payable of \$153,839 for outstanding contributions to the pension plan for the year ended June 30, 2019.

2. Supplemental Pension Plan

Pension Description

The plan, a single-employer pension plan, is a defined benefit pension plan established to provide an annual cash stipend to eligible professional staff, until Medicare-eligibility. The plan is administered by the District. The plan does not issue separate financial statements.

Plan Participants and Benefits Provided

A summary of eligibility requirements and plan benefits follows:

Active employees		94			
	Eligibility Requirement				
	<table style="width: 100%; border-collapse: collapse; border: none;"> <tr> <td style="width: 33%; border-top: 1px solid black; border-bottom: 1px solid black; text-align: center;">Age</td> <td style="width: 33%; border-top: 1px solid black; border-bottom: 1px solid black; text-align: center;">Service</td> <td style="width: 33%; border-top: 1px solid black; border-bottom: 1px solid black; text-align: center;">Benefits</td> </tr> </table>	Age	Service	Benefits	
Age	Service	Benefits			
Professional Staff	62 15 full-time years with the District and a minimum of 30 years of overall professional service	\$7,900 annually upon retirement until Medicare eligibility			

Funding Policy

The entire cost of these benefits is paid by the District. Benefits are currently funded on a pay-as-you-go basis and no assets exist to prefund retiree benefits.

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

Component	Amount
Total pension liability at July 1, 2018	\$ 161,463
Changes for the year:	
Service cost	12,277
Interest	5,866
Difference between expected and actual experience	(26,233)
Change of assumptions or other input	(79,349)
Net changes	(87,439)
Total pension liability at June 30, 2019	\$ 74,024

For the year ended June 30, 2019, the District recognized pension expense of \$10,097. At June 30, 2019, the District reported deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,359
Changes in assumptions	79,230
Total	\$ 103,589

Wrightstown Community School District

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

The \$103,589 reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Expense
2020	\$ (8,046)
2021	(8,046)
2022	(8,046)
2023	(8,046)
2024	(8,046)
Thereafter	(63,359)
Total	<u>\$ (103,589)</u>

Actuarial Assumptions

The District's total pension liability was measured as of June 30, 2018.

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of salary
Actuarial assumptions:	
Discount rate	3.75%
Inflation	2.5%

Single Discount Rate. A single discount rate of 3.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investment.

Sensitivity of the District's total pension liability to changes in the discount rate. The follow presents the District's total pension liability at June 30, 2019 calculated using the discount rate of 3.75 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate.

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Total pension liability	\$ 80,329	\$ 74,024	\$ 68,095

Payable to the Supplemental Pension Plan

At June 30, 2019, the District reported no amount for outstanding contributions to the Plan required for the year ended June 30, 2019.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

F. OTHER POST-EMPLOYMENT BENEFITS

The District reports OPEB related balances at June 30, 2019 as summarized below:

	<u>OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Local Retiree Life Insurance Fund (LRLIF)	\$ 161,823	\$ 28,080	\$ 47,093
Single-employer defined OPEB plan	824,502	128,818	252,042
Total	<u>\$ 986,325</u>	<u>\$ 156,898</u>	<u>\$ 299,135</u>

1. Single-employer Defined Postemployment Benefit Plan

Plan Description

The District provides health care insurance coverage for employees who retire until they reach the age of 65. Eligible retired employees have access to group medical coverage through the District's group plans. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Separate financial statements are not issued. The following tables show the age and service requirements for eligibility along with the benefits offered under the Plan:

	<u>Eligibility Requirement</u>			<u>Benefits</u>
	<u>Age</u>	<u>Service</u>		
Professional Staff retired prior to July 1, 2011	55	15 with the District and a minimum of 30 years of overall professional service	100% of the single or family medical premium and 100% of single dental premium frozen at the rates in effect upon retirement until Medicare eligible	Unused accumulated sick leave balance converted using \$35 per day upon retirement

This plan was changed by action of the School Board effective July 1, 2011. The change eliminated this benefit for all retirees who retire on or after July 1, 2011. The employees that retired prior to July 1, 2011 will continue to receive this benefit. Since no new retirees will receive this benefit, this benefit will end when all the current participants reach age 65.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	10
	<u>18</u>

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018, with an actuarial valuation date of June 30, 2018.

Wrightstown Community School District

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Actuarial Assumptions. The total OPEB liability in the June 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Discount rate	3.75%
Healthcare cost trend rates:	7.5% initial decreases by 0.5% per year down to 6.5%, then decreases by 0.1% until 5.0%

Mortality rates are the same as those used in the December 2015 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the July 1, 2016 valuation were based on the "Wisconsin Retirement System 2012-2014 Experience Study".

Discount Rate. The discount rate used to measure the total OPEB liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2018	\$ 1,166,889
Changes for the year:	
Service cost	50,701
Interest	38,979
Differences between expected and actual experience	(175,050)
Changes of assumptions or other input	(99,906)
Benefit payments	(157,111)
Net changes	(342,387)
Balance at June 30, 2019	\$ 824,502

The estimated amount due in one year is \$340,000.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Total OPEB liability	\$ 861,112	\$ 824,502	\$ 788,952

Wrightstown Community School District

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	\$ 782,047	\$ 824,502	\$ 871,910

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$66,766. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 160,462
Changes in assumptions	-	91,580
District contributions subsequent to the measurement date	128,818	-
Total	<u>\$ 128,818</u>	<u>\$ 252,042</u>

The \$128,818 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Expense
2020	\$ (22,914)
2021	(22,914)
2022	(22,914)
2023	(22,914)
Thereafter	(160,386)
Total	<u>\$ (252,042)</u>

Payable to the OPEB Plan

At June 30, 2019, the District reported no outstanding contribution to the Plan required for the year ended June 30, 2019.

2. Local Retiree Life Insurance Fund

Plan Description

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

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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>.

Benefits Provided

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

Contributions

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

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

Contribution rates as of June 30, 2019 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are listed below:

Life Insurance	
Employee Contribution Rates	
For the Year Ended December 31, 2018	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

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

During the year ending June 30, 2019,, the LRLIF recognized \$1,225 in contributions from the employer.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

At June 30, 2019, the District reported a liability of \$161,823 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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 OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.06271400%, which was a decrease of 0.001624% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2018, the District recognized OPEB expense of \$17,044.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 8,209
Net differences between projected and actual earnings on OPEB plan investments	3,867	-
Changes in assumptions	15,440	35,077
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,773	3,807
Total	<u>\$ 28,080</u>	<u>\$ 47,093</u>

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

<u>Year Ended June 30,</u>	<u>Expense</u>
2020	\$ (2,216)
2021	(2,216)
2022	(2,216)
2023	(2,759)
2024	(3,319)
Thereafter	(6,287)
Total	<u>\$ (19,013)</u>

Wrightstown Community School District

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Actuarial assumptions. The total OPEB liability in the January 1, 2018 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, 2018
Measurement date of net OPEB liability:	December 31, 2018
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	4.10%
Long-term expected rate of return:	5.00%
Discount rate:	4.22%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return %</u>
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Mini	1.0%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability, as opposed to a discount rate of 3.63% for the prior year. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65. Based on these assumptions, the plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability was 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 payments 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.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Sensitivity of the District's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22%, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

	<u>1% Decrease to Discount Rate (3.22%)</u>	<u>Current Discount Rate (4.22%)</u>	<u>1% Increase to Discount Rate (5.22%)</u>
District's proportionate share of the net OPEB liability (asset)	\$ 230,204	\$ 161,823	\$ 109,083

OPEB plan fiduciary net position. Detailed information about the 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 OPEB Plan

At June 30, 2019, the District reported no outstanding contribution to the Plan required for the year ended June 30, 2019.

G. FUND EQUITY

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, 2019, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Food Service	\$ 110,727
Community Service	156,912
HFA fund	24,097
Debt Service Funds	
Referendum debt service	31,533
Capital Projects Funds	
Restricted for	
Capital Projects	432,040
Capital Improvement Trust	60,214
Total restricted fund balance	<u>\$ 815,523</u>

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Net Position

The District reports restricted net position at June 30, 2019 as follows:

Governmental activities		
Restricted for		
Food Service	\$	110,727
Community Service		156,912
HFA		24,097
Debt Service		24,858
Capital Projects		492,254
		<hr/>
Total restricted net position	\$	<u>808,848</u>

NOTE 3: OTHER INFORMATION

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

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.

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. The statement is effective for reporting periods beginning after December 15, 2018. The District is currently evaluating the impact this standard will have in the financial statements when adopted.

In June 2018, the GASB issues Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

Wrightstown Community School District

Wrightstown, Wisconsin

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 4,496,623	\$ 4,496,623	\$ 4,496,623	\$ -
Other local sources	89,660	89,660	168,461	78,801
Interdistrict sources	531,288	531,288	529,134	(2,154)
Intermediate sources	-	-	900	900
State sources	8,853,710	8,853,710	8,920,408	66,698
Federal sources	134,273	134,273	124,539	(9,734)
Other sources	17,800	17,800	22,358	4,558
Total revenues	14,123,354	14,123,354	14,262,423	139,069
EXPENDITURES				
Instruction				
Regular instruction	5,864,244	5,864,244	5,714,356	149,888
Vocational instruction	688,126	688,126	687,943	183
Other instruction	936,440	936,440	923,498	12,942
Total instruction	7,488,810	7,488,810	7,325,797	163,013
Support services				
Pupil services	541,230	541,230	464,516	76,714
Instructional staff services	388,931	388,931	370,134	18,797
General administration services	468,643	468,643	515,988	(47,345)
School administration services	651,030	651,030	652,777	(1,747)
Business services	238,612	238,612	238,590	22
Operations and maintenance of plant	1,507,525	1,507,525	1,530,162	(22,637)
Pupil transportation services	560,500	560,500	561,297	(797)
Central services	60,100	60,100	68,360	(8,260)
Insurance	90,600	90,600	77,787	12,813
Other support services	654,455	654,455	585,606	68,849
Total support services	5,161,626	5,161,626	5,065,217	96,409
Non-program				
General tuition payments	597,159	597,159	510,369	86,790
Adjustments and refunds	18,700	18,700	957	17,743
Voucher payments	31,000	31,000	40,708	(9,708)
Total non-program	646,859	646,859	552,034	94,825
Total expenditures	13,297,295	13,297,295	12,943,048	354,247
Excess of revenues over expenditures	826,059	826,059	1,319,375	493,316
OTHER FINANCING USES				
Transfers out	(826,059)	(826,059)	(925,640)	(99,581)
Net change in fund balance	-	-	393,735	393,735
Fund balance - July 1	5,637,389	5,637,389	5,637,389	-
Fund balance - June 30	\$ 5,637,389	\$ 5,637,389	\$ 6,031,124	\$ 393,735

See notes to required supplementary information.

Wrightstown Community School District

Wrightstown, Wisconsin

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SPECIAL EDUCATION SPECIAL REVENUE FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intermediate sources	\$ -	\$ -	\$ 3,682	\$ 3,682
State sources	303,760	303,760	316,605	12,845
Federal sources	386,826	386,826	341,143	(45,683)
Total revenues	690,586	690,586	661,430	(29,156)
EXPENDITURES				
Instruction				
Special education instruction	1,020,721	1,020,721	992,139	28,582
Support services				
Pupil services	166,446	166,446	191,345	(24,899)
Instructional staff services	177,143	177,143	162,812	14,331
Business services	18,635	18,635	20,004	(1,369)
Pupil transportation services	9,163	9,163	10,196	(1,033)
Total support services	371,387	371,387	384,357	(12,970)
Non-program				
Special education tuition payments	99,537	99,537	160,574	(61,037)
Total expenditures	1,491,645	1,491,645	1,537,070	(45,425)
Excess of revenues under expenditures	(801,059)	(801,059)	(875,640)	(74,581)
OTHER FINANCING SOURCES				
Transfers in	801,059	801,059	875,640	74,581
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

Wrightstown Community School District

Wrightstown, Wisconsin

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS LAST MEASUREMENT PERIODS *

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 50,701	\$ 50,701
Interest	38,979	41,381
Differences between expected and actual experience	(175,050)	-
Changes of assumptions	(99,906)	-
Benefit payments	(157,111)	(164,288)
Net change in total OPEB liability	<u>(342,387)</u>	<u>(72,206)</u>
Total OPEB liability - beginning	<u>1,166,889</u>	<u>1,239,095</u>
Total OPEB liability - ending	<u>\$ 824,502</u>	<u>\$ 1,166,889</u>
Covered-employee payroll	\$ 6,516,721	\$ 5,722,706
District's total OPEB liability as a percentage of covered-employee payroll	12.65%	20.39%

* 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.

Wrightstown Community School District

Wrightstown, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 MEASUREMENT PERIODS

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.04463066%	\$ (1,096,251)	\$ 6,052,786	18.11%	102.74%
12/31/15	0.04465634%	725,657	6,436,110	11.27%	98.20%
12/31/16	0.04521311%	372,664	6,815,123	5.47%	99.12%
12/31/17	0.04648109%	(1,380,078)	6,977,773	19.78%	102.93%
12/31/18	0.04679937%	1,664,974	7,118,090	23.39%	96.45%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

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	\$ 453,915	\$ 453,915	\$ -	\$ 5,405,588	8.40%
6/30/16	476,592	476,592	-	5,721,311	8.33%
6/30/17	564,471	564,471	-	5,815,795	9.71%
6/30/18	573,541	573,541	-	5,906,829	9.71%
6/30/19	477,382	477,382	-	7,223,664	6.61%

See notes to required supplementary information.

Wrightstown Community School District

Wrightstown, Wisconsin

SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS SUPPLEMENTAL PENSION LAST MEASUREMENT PERIODS *

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 12,277	\$ 13,268	\$ 13,268
Interest	5,866	4,931	4,631
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(26,233)	-	-
Changes in assumptions	(79,349)	(6,557)	-
Benefit payments	-	(15,800)	-
Net change in total pension liability	(87,439)	(4,158)	17,899
Total supplemental pension liability - beginning	161,463	165,621	147,722
Total supplemental pension liability - ending	<u>\$ 74,024</u>	<u>\$ 161,463</u>	<u>\$ 165,621</u>
Covered payroll	\$ 5,124,227	\$ 5,722,706	\$ 5,682,341
District's net pension liability as a percentage of covered payroll	1.44%	2.82%	2.91%

* 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.

Wrightstown Community School District

Wrightstown, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 MEASUREMENT PERIODS

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	0.06433800%	\$ 193,566	\$ 2,705,597	7.15%	44.81%
12/31/18	0.06271400%	161,823	3,854,000	4.20%	48.69%

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	\$ 1,234	\$ 1,234	\$ -	\$ 2,705,597	0.05%
6/30/19	1,225	1,225	-	3,854,000	0.03%

See notes to required supplementary information.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

A. OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

The District maintains the following two OPEB plans:

▶ **SINGLE-EMPLOYER DEFINED POSTEMPLOYMENT BENEFIT PLAN**

There were no changes of benefit terms or assumptions for this plan during the current fiscal year.

No assets have been accumulated in an irrevocable trust, so the Plan's discount rate applied to all periods is based on a 20-year, tax-exempt general obligation municipal bond index.

▶ **LOCAL RETIREE LIFE INSURANCE FUND (LRIF)**

There were no changes of benefit terms or assumptions for any participating employer in the LRLIF.

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.

B. PENSION RETIREMENT PLANS

The District maintains the following two pension plans.

▶ **SINGLE-EMPLOYER SUPPLEMENTAL PENSION STIPEND PLAN**

There were no changes of benefit terms or assumptions for this plan during the current fiscal year.

No assets have been accumulated in an irrevocable trust, so the Plan's discount rate applied to all periods is based on a 20-year, tax-exempt general obligation municipal bond index.

▶ **WISCONSIN RETIREMENT SYSTEM**

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

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

C. 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.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

- ▶ 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, 2019.

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:

	<u>General</u>	<u>Special Education</u>
Revenues		
Actual amounts (budgetary basis)	\$ 14,262,423	\$ 661,430
Reclassification of special education fund	661,430	(661,430)
Total revenues	<u>14,923,853</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	12,943,048	1,537,070
Reclassification of special education fund	1,537,070	(1,537,070)
Total expenditures	<u>14,480,118</u>	<u>-</u>
Excess of revenues over (under) expenditures		
Actual amounts (budgetary basis)	1,319,375	2,198,500
Reclassification of special education fund	(875,640)	(2,198,500)
Excess of revenues over (under) expenditures	<u>443,735</u>	<u>-</u>
Other financing sources (uses)		
Actual amounts (budgetary basis)	(925,640)	875,640
Reclassification of special education fund	875,640	(875,640)
Total other financing sources (uses)	<u>(50,000)</u>	<u>-</u>
Net change in fund balance		
Actual amounts (budgetary basis)	<u>393,735</u>	<u>-</u>
Fund balance - July 1		
Actual amounts (budgetary basis)	<u>5,637,389</u>	<u>-</u>
Fund balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 6,031,124</u>	<u>\$ -</u>

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

Excess of Expenditure over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2019 as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General Fund	
Support services	
General administration services	\$ 47,345
School administration services	1,747
Operations and maintenance of plant	22,637
Pupil transportation services	797
Central services	8,260
Non-program	
Voucher Payments	9,708
Special Education Fund	
Support services	
Pupil services	24,899
Business services	1,369
Pupil transportation services	1,033

The amounts were funded using positive variances in other accounts of the general fund.

SUPPLEMENTARY INFORMATION

Wrightstown Community School District

Wrightstown, Wisconsin

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

	Special Revenue			Debt Service
	Food Service	Community Service	HFA	Referendum Debt Service
ASSETS				
Cash and investments	\$ 105,150	\$ 155,457	\$ 24,097	\$ 31,532
Receivables				
Accounts	-	1,456	-	-
Due from other funds	-	-	-	-
Due from other governments	6,852	-	-	-
Total assets	<u>\$ 112,002</u>	<u>\$ 156,913</u>	<u>\$ 24,097</u>	<u>\$ 31,532</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,275	\$ -	\$ -	\$ -
Fund balances				
Restricted	110,727	156,913	24,097	31,532
Total liabilities and fund balances	<u>\$ 112,002</u>	<u>\$ 156,913</u>	<u>\$ 24,097</u>	<u>\$ 31,532</u>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Long-term Capital Projects</u>	<u>Capital Projects</u>	
\$ 10,214	\$ 432,040	\$ 758,490
-	-	1,456
50,000	-	50,000
-	-	6,852
<u>\$ 60,214</u>	<u>\$ 432,040</u>	<u>\$ 816,798</u>
\$ -	\$ -	\$ 1,275
60,214	432,040	815,523
<u>\$ 60,214</u>	<u>\$ 432,040</u>	<u>\$ 816,798</u>

Wrightstown Community School District

Wrightstown, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue			Debt Service
	Food Service	Community Service	HFA	Referendum Debt Service
REVENUES				
Property taxes	\$ -	\$ 150,000	\$ -	\$ 1,310,000
Other local sources	422,091	-	11,150	10,044
State sources	7,613	-	-	-
Federal sources	226,957	-	-	-
Other sources	-	32,079	-	-
Total revenues	656,661	182,079	11,150	1,320,044
EXPENDITURES				
Instruction				
Other instruction	-	-	2,603	-
Support services				
Operations and maintenance of plant	-	-	-	-
Food services	647,632	-	-	-
Total support services	647,632	-	-	-
Debt service				
Principal	-	-	-	1,585,000
Interest and fiscal charges	-	-	-	61,057
Total debt service	-	-	-	1,646,057
Community service	-	113,670	-	-
Total expenditures	647,632	113,670	2,603	1,646,057
Excess of revenues over (under) expenditures	9,029	68,409	8,547	(326,013)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Net change in fund balances	9,029	68,409	8,547	(326,013)
Fund balances - July 1	101,698	88,504	15,550	357,545
Fund balances - June 30	\$ 110,727	\$ 156,913	\$ 24,097	\$ 31,532

Capital Projects		Total Nonmajor Governmental Funds
Long-term Capital Projects	Capital Projects	
\$ -	\$ -	\$ 1,460,000
209	13,085	456,579
-	-	7,613
-	-	226,957
-	-	32,079
<u>209</u>	<u>13,085</u>	<u>2,183,228</u>
-	-	2,603
-	219,992	219,992
-	-	647,632
-	219,992	867,624
-	-	1,585,000
-	-	61,057
-	-	1,646,057
-	-	113,670
-	219,992	2,629,954
<u>209</u>	<u>(206,907)</u>	<u>(446,726)</u>
50,000	-	50,000
50,209	(206,907)	(396,726)
10,005	638,947	1,212,249
<u>\$ 60,214</u>	<u>\$ 432,040</u>	<u>\$ 815,523</u>

Wrightstown Community School District

Wrightstown, Wisconsin

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES PUPIL ACTIVITY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
ASSETS				
Cash	\$ 248,727	\$ 445,060	\$ 441,111	\$ 252,676
LIABILITIES				
Due to student organizations				
Robotics Club	\$ 359	\$ 8,071	\$ 9,135	\$ (705)
HS Drama Club	16,966	12,587	18,431	11,122
One Act Play	542	9,760	1,906	8,396
Spanish Club	5,311	17,640	16,165	6,786
WYEC/FBLA	1,380	18,816	17,679	2,517
FFA	5,905	28,332	29,574	4,663
ECO Club	4,062	423	418	4,067
Industrial Arts Club	700	3,083	219	3,564
National Honor Society	1,599	3,593	2,786	2,406
FPS	2,790	3,185	5,940	35
Chess Club	233	-	-	233
Student Newspaper	17	-	-	17
HS Yearbook	13,199	5,880	11,168	7,911
WHSFA	247	-	-	247
S.C.O.R.E.S.	2,043	3,421	3,501	1,963
Forensics	1,573	4,845	3,235	3,183
Click-It Project	200	-	-	200
HS Pond Project	430	-	-	430
HS Bridge Club	1,200	673	-	1,873
WES Programs	4,973	30,927	26,040	9,860
Elementary Fitness Trail	2,394	-	-	2,394
Elementary Student Council	612	993	1,929	(324)
District Wide Program Promotions	19,311	20,610	20,928	18,993
Pom Pon	14,427	20,376	25,991	8,812
Girls Basketball	918	5,870	5,867	921
Girls Soccer	5,512	5,577	2,868	8,221
Girls Softball	2,992	4,963	5,134	2,821
Girls Volleyball	5,212	10,976	9,284	6,904
Boys Baseball	4,908	8,917	7,142	6,683
Boys Basketball	1,077	13,706	12,305	2,478
Boys Football	7,687	6,767	8,069	6,385
Boys Golf	1,023	-	419	604
Boys Soccer	4,716	3,633	2,811	5,538
Middle School Dance	532	399	415	516
HS Color Guard	2,289	67	-	2,356
CO-ED Track and Field	5,237	1,925	2,482	4,680
Activity Interest	3,657	913	260	4,310
Music	16,321	67,394	65,795	17,920
Class of 2014	2,197	-	-	2,197
Class of 2015	550	-	-	550
Class of 2016	4,253	-	-	4,253
Class of 2017	1,393	-	-	1,393
Class of 2018	3,583	-	3,083	500

Wrightstown Community School District

Wrightstown, Wisconsin

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES PUPIL ACTIVITY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
LIABILITIES (Continued)				
Class of 2019	6,255	3,329	6,578	3,006
Class of 2020	4,383	5,358	4,794	4,947
Class of 2021	2,180	462	200	2,442
Music Boosters	2,058	470	711	1,817
Middle School Student Leadership	1,302	10,345	10,156	1,491
High School Student Council	6,310	5,444	10,144	1,610
Teen Outreach	842	3,800	3,601	1,041
Student School Store	1,911	14,595	13,942	2,564
Parent Network	92	-	-	92
W Club	3,747	4,732	4,411	4,068
Senior Graduation Fundraiser	23,550	19,129	18,507	24,172
HS Program Promotions	33	-	-	33
MS Drama Club	5,414	2,854	816	7,452
WMS Student Incentive	(10)	-	-	(10)
MS Parent Network	549	610	864	295
MATADA	53	81	115	19
HS Art Club	1,279	-	219	1,060
MS Yearbook	(200)	3,078	2,874	4
Student Athletic Advisory Board	91	5,510	2,902	2,699
ES Parent Network	6,755	24,813	23,804	7,764
Boys Wrestling	887	14,583	14,184	1,286
WHS Tiger Strong	6,716	1,545	1,310	6,951
	<u>\$ 248,727</u>	<u>\$ 445,060</u>	<u>\$ 441,111</u>	<u>\$ 252,676</u>
Total liabilities	<u>\$ 248,727</u>	<u>\$ 445,060</u>	<u>\$ 441,111</u>	<u>\$ 252,676</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Wrightstown Community School District, Wrightstown, Wisconsin (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying summary of audit results as item 2019-001 that we consider to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

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

WRIGHTSTOWN SCHOOL DISTRICT'S RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 20, 2019

FEDERAL AND STATE AWARDS



Independent auditors' report on compliance for each major state program and on internal control over compliance required by the Wisconsin Department of Public Instruction

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

REPORT ON COMPLIANCE FOR THE MAJOR STATE PROGRAM

We have audited the Wrightstown Community School District, Wrightstown, Wisconsin's (the "District's") compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction that could have a direct and material effect on the District's major state program for the year ended June 30, 2019. The District's major state program is identified in the accompanying summary of auditors' results.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for the District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

OPINION ON THE MAJOR STATE PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 20, 2019

Wrightstown Community School District Wrightstown, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/18	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/19	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
School Breakfast Program July 1, 2017 - June 30, 2018	10.553	WI DPI	2018-056734-SB-546	\$ (1,485)	\$ 1,485	\$ -	\$ -	\$ -
July 1, 2018 - June 30, 2019			2019-056734-SB-546	-	21,748	1,615	23,363	-
National School Lunch Program July 1, 2017 - June 30, 2018	10.555	WI DPI	2018-056734-NSL-547	(5,270)	5,270	-	-	-
July 1, 2018 - June 30, 2019			2019-056734-NSL-547	-	156,622	5,237	161,859	-
Donated Commodities 18-19			Unknown	-	41,735	-	41,735	-
Total National School Lunch Program				<u>(5,270)</u>	<u>203,627</u>	<u>5,237</u>	<u>203,594</u>	<u>-</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture				<u>(6,755)</u>	<u>226,860</u>	<u>6,852</u>	<u>226,957</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies July 1, 2018 - June 30, 2019	84.010	WI DPI	2019-056734-TIA-141	-	90,583	-	90,583	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States July 1, 2017 - June 30, 2018	84.027	WI DPI	2018-056734-IDEA-341	(19,029)	19,029	-	-	-
July 1, 2018 - June 30, 2019			2019-056734-IDEA-FT-341	-	256,280	54,434	310,714	-
High Cost Special Education Aid July 1, 2018 - June 30, 2019	84.027	WI DPI	2019-056734-IDEA-FT-342	-	4,263	-	4,263	-
Special Education Preschool Grants July 1, 2018 - June 30, 2019	84.173	WI DPI	2019-056734-IDEA-PS-347	-	4,697	-	4,697	-
Total Special Education Cluster (IDEA)				<u>(19,029)</u>	<u>284,269</u>	<u>54,434</u>	<u>319,674</u>	<u>-</u>
English Language Acquisition State Grants July 1, 2017 - June 30, 2018	84.365	WI DPI	2018-056734-Title III A-391	(8,124)	8,124	-	-	-
July 1, 2018 - June 30, 2019		West De Pere School District	2019-056734-TIIIA-391	-	-	6,502	6,502	-
Improving Teacher Quality State Grants July 1, 2018 - June 30, 2019	84.367	WI DPI	2019-056734-TIIA-365	-	23,956	-	23,956	-
Student Support and Academic Enrichment Program July 1, 2018 - June 30, 2019	84.424	WI DPI	2019-056734-TIVA-381	-	10,000	-	10,000	-
Total U.S. Department of Education				<u>(27,153)</u>	<u>416,932</u>	<u>60,936</u>	<u>450,715</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	44244000	-	16,080	5,389	21,469	-
TOTAL FEDERAL AWARDS				<u>\$ (33,908)</u>	<u>\$ 659,872</u>	<u>\$ 73,177</u>	<u>\$ 699,141</u>	<u>\$ -</u>
Reconciliation to the basic financial statements:								
Federal sources							\$ 692,639	
Intermediate sources							6,502	
Total expenditures of federal awards							<u>\$ 699,141</u>	

Wrightstown Community School District Wrightstown, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/18	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/19	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	056734-100	\$ -	\$ 290,658	\$ -	\$ 290,658	\$ -
State School Lunch Aid	255.102	Direct Program	056734-107	-	6,438	-	6,438	-
Common School Fund Library Aid	255.103	Direct Program	056734-104	-	54,255	-	54,255	-
General Transportation Aid	255.107	Direct Program	056734-102	-	50,126	-	50,126	-
Equalization Aids	255.201	Direct Program	056734-116	(131,656)	7,734,772	129,314	7,732,430	-
High Cost Special Education Aid	255.210	Direct Program	056734-119	-	15,947	-	15,947	-
Personal Electronic Computing Device	255.296	Direct Program	056734-175	-	13,875	-	13,875	-
School Based Mental Health Grant	255.297	Direct Program	056734-177	-	75,000	-	75,000	-
State School Breakfast Aid	255.344	Direct Program	056734-108	-	1,175	-	1,175	-
Educator Effective Evaluation System	255.940	Direct Program	056734-154	-	8,640	-	8,640	-
Per Pupil Aid	255.945	Direct Program	056734-113	-	851,508	-	851,508	-
Career and Technical Education Incentive Grants	255.950	Direct Program	056734-171	-	13,000	-	13,000	-
Assessments of Reading Readiness	255.956	Direct Program	056734-106	-	6,217	-	6,217	-
Robotics League Participation Grants	255.959	Direct Program	056734-167	-	1,555	-	1,555	-
Transition Incentive Grant	255.960	Direct Program	056734-168	-	10,000	-	10,000	-
Total Wisconsin Department of Public Instruction				(131,656)	9,133,166	129,314	9,130,824	-
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Grant	455.206	Direct Program	2018-SSI-01-13507	-	48,144	7,175	55,319	-
TOTAL STATE PROGRAMS				<u>\$ (131,656)</u>	<u>\$ 9,181,310</u>	<u>\$ 136,489</u>	<u>\$ 9,186,143</u>	<u>\$ -</u>
Reconciliation to the basic financial statements :								
State sources							\$ 9,244,626	
Less: State sources not considered state financial assistance								
State tax computer aid							(55,007)	
Payment in lieu of taxes and other revenues							(3,476)	
Total expenditures of state awards							<u>\$ 9,186,143</u>	

The notes to the schedules of expenditures of federal and state awards are an integral part of this schedule.

Wrightstown Community School District

Wrightstown, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1: BASIS OF PRESENTATION

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2019 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 2018 - 2019 eligible costs under the State Special Education Program as reported by the District are \$1,035,260. 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.

NOTE 5: OVERSIGHT AGENCY

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

NOTE 5: PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

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

Wrightstown Community School District

Wrightstown, Wisconsin

SUMMARY OF AUDIT RESULTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION I: SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

STATE AWARDS

Internal control over major state programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major state programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ?	No
Identification of major state program:	

State ID Number	Name of State Program
255.201	Equalization Aids

Audit threshold used to determine between Type A and Type B programs:	
State Awards	\$250,000

Wrightstown Community School District

Wrightstown, Wisconsin

SUMMARY OF AUDIT RESULTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION II: FINANCIAL STATEMENT FINDINGS

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<p>Preparation of Annual Financial Report Repeat of Finding 2018-001</p>
Type of Funding:	Significant deficiency in internal control over financial reporting.
Condition:	Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.
Cause:	District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Context:	The auditor assists with the preparation of the annual financial report
Effect:	Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.
View of responsible officials:	Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

SECTION III: STATE AWARD FINDINGS AND QUESTIONED COSTS


There are no audit findings and questioned costs required to be reported under the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction for the year ended June 30, 2019.

Wrightstown Community School District

Wrightstown, Wisconsin

SUMMARY OF AUDIT RESULTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION IV: OTHER ISSUES

- | | |
|--|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>Wisconsin Public School District Audit Manual</i> :
Department of Health Services
Department of Public Instruction
Department of Justice | No
No
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 | 
Paul G. Denis, CPA |
| 5. Date of report | November 20, 2019 |

