

# **School District of Fall Creek**

Fall Creek, Wisconsin

## **Financial Statements and Supplementary Financial Information**

Year Ended June 30, 2019

# School District of Fall Creek

## Financial Statements and Supplementary Financial Information

Year Ended June 30, 2019

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## **Independent Auditor's Report**

Board of Education  
School District of Fall Creek  
Fall Creek, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Fall Creek (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; 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.

#### ***Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Fall Creek, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States require that the budgetary comparison schedule - General Fund, schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in the employer's net pension liability (asset) and related ratios - District pension plan, schedule of employer contributions - District pension plan, schedule of investment returns - District pension plan, schedule of changes in the employer's net OPEB liability and related ratios - District OPEB plan, schedule of employer contributions - District OPEB plan, and schedule of investment returns - District OPEB plan on pages 48 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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, 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 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 GASB, 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 opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Financial 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 fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Wisconsin Public School Audit Manual*, issued by the Wisconsin Department of Public Instruction, and are also not a required part of the basic financial statements. The fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 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 internal control over financial reporting and compliance.



Wipfli LLP

November 11, 2019  
Eau Claire, Wisconsin

**Government-Wide Financial Statements**

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# School District of Fall Creek

## Statement of Net Position

June 30, 2019

<i>Assets and Deferred Outflows of Resources</i>	<b>Governmental Activities</b>
Current assets:	
Cash and investments	\$ 12,772,986
Receivables:	
Taxes	1,058,135
Accounts	4,175
Due from other governments	253,736
<b>Total current assets</b>	<b>14,089,032</b>
Noncurrent assets:	
Capital assets:	
Land	297,500
Construction in progress	3,990,646
Land improvements	606,606
Buildings and building improvements	12,786,448
Furniture and equipment	2,814,594
Less - Accumulated depreciation	(8,728,487)
<b>Total capital assets, net of accumulated depreciation</b>	<b>11,767,307</b>
<b>Total noncurrent assets</b>	<b>11,767,307</b>
<b>Total assets</b>	<b>25,856,339</b>
Deferred outflows of resources:	
Related to pensions - District pension plan	174,272
Related to OPEB - District OPEB plan	116,313
Related to pensions - WRS	2,773,312
<b>Total deferred outflows of resources</b>	<b>3,063,897</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 28,920,236</b>

# School District of Fall Creek

## Statement of Net Position (Continued)

June 30, 2019

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	<b>Governmental Activities</b>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 2,391,362
Accrued liabilities:	
Payroll, payroll taxes, insurance	282,477
Interest	170,099
Due to other governments	12,933
Current portion of long-term obligations	630,000
Total current liabilities	3,486,871
Noncurrent liabilities:	
Bonds payable	12,887,360
Notes payable	1,625,000
Net OPEB liability - District OPEB plan	106,050
Net pension liability - District pension plan	105,906
Net pension liability - WRS	1,069,886
Compensated absences	154,440
Total noncurrent liabilities	15,948,642
Total liabilities	19,435,513
Deferred inflows of resources:	
Related to pensions - District pension plan	3,352
Related to OPEB - District OPEB plan	30,764
Related to pensions - WRS	1,473,151
Total deferred inflows of resources	1,507,267
Net position:	
Net investment in capital assets	5,249,584
Restricted for:	
Debt service	142,630
Capital projects	1,008,747
Donations	78,677
Unrestricted	1,497,818
Total net position	7,977,456
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 28,920,236

See accompanying notes to financial statements.



# School District of Fall Creek

## Statement of Activities

Year Ended June 30, 2019

<i>Functions/Programs</i>	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 5,274,187	\$ 1,099,687	\$ 189,982	\$ (3,984,518)
Vocational instruction	379,600	-	-	(379,600)
Special education instruction	734,828	14,185	284,672	(435,971)
Other instruction	597,214	43,683	-	(553,531)
<b>Total instruction</b>	<b>6,985,829</b>	<b>1,157,555</b>	<b>474,654</b>	<b>(5,353,620)</b>
Support services:				
Pupil services	299,945	-	49,384	(250,561)
Instructional staff services	306,427	-	51,959	(254,468)
General administration services	308,302	-	-	(308,302)
Building administration services	459,381	-	-	(459,381)
Business services	221,404	-	-	(221,404)
Operations and maintenance	900,164	-	-	(900,164)
Pupil transportation services	329,658	-	26,945	(302,713)
Food service	368,093	197,022	146,610	(24,461)
Central services	124,301	-	-	(124,301)
Insurance	126,800	-	-	(126,800)
Community services	-	533	-	533
Interest on debt	643,968	-	-	(643,968)
Other support services	348,909	-	-	(348,909)
Unallocated depreciation, excluding direct	291,510	-	-	(291,510)
<b>Total support services</b>	<b>4,728,862</b>	<b>197,555</b>	<b>274,898</b>	<b>(4,256,409)</b>
<b>Total governmental activities (carried forward)</b>	<b>\$ 11,714,691</b>	<b>\$ 1,355,110</b>	<b>\$ 749,552</b>	<b>(9,610,029)</b>

# School District of Fall Creek

## Statement of Activities (Continued)

Year Ended June 30, 2019

<i>Functions/Programs</i>	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in
				Total Governmental Activities
Total governmental activities (brought forward)				\$ (9,610,029)
General revenues:				
Property taxes:				
General purposes				2,417,722
Debt service				998,000
State and federal aids not restricted to specific functions:				
General				5,891,060
Interest and investment earnings				271,038
Miscellaneous				142,457
Total general revenues				9,720,277
Change in net position				110,248
Net position - Beginning of year				7,867,208
Net position - End of year				\$ 7,977,456

See accompanying notes to financial statements.

# **Fund Financial Statements**

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# School District of Fall Creek

## Governmental Funds - Balance Sheet

June 30, 2019

<i>Assets</i>	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 702,590	\$ 312,729	\$ 11,676,764	\$ 80,903	\$ 12,772,986
Receivables:					
Taxes	1,058,135	-	-	-	1,058,135
Accounts	1,117	-	-	1,445	2,562
Due from other funds	1,613	-	350,000	-	351,613
Due from other governments	250,217	-	-	3,519	253,736
<b>TOTAL ASSETS</b>	<b>\$ 2,013,672</b>	<b>\$ 312,729</b>	<b>\$ 12,026,764</b>	<b>\$ 85,867</b>	<b>\$ 14,439,032</b>
<b><i>Liabilities and Fund Balances</i></b>					
Liabilities:					
Accounts payable	\$ 1,433	\$ -	\$ 2,389,929	\$ -	\$ 2,391,362
Accrued liabilities:					
Payroll, payroll taxes, insurance	275,287	-	-	7,190	282,477
Due to other governments	9,483	-	3,450	-	12,933
Due to other funds	350,000	-	-	-	350,000
Total liabilities	636,203	-	2,393,379	7,190	3,036,772
Fund balances:					
Restricted:					
Debt service	-	312,729	-	-	312,729
Capital projects	-	-	9,633,385	-	9,633,385
Donations	-	-	-	78,677	78,677
Assigned:					
Community service	9,691	-	-	-	9,691
Unassigned	1,367,778	-	-	-	1,367,778
Total fund balances	1,377,469	312,729	9,633,385	78,677	11,402,260
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,013,672</b>	<b>\$ 312,729</b>	<b>\$ 12,026,764</b>	<b>\$ 85,867</b>	<b>\$ 14,439,032</b>

# School District of Fall Creek

## Governmental Funds - Balance Sheet (Continued)

June 30, 2019

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

Total fund balances - Governmental funds (previous page)	\$	11,402,260
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital assets	\$	20,495,794	
Governmental accumulated depreciation		(8,728,487)	11,767,307

The net pension liability (asset), total OPEB liability (asset), and the deferred outflows of resources and deferred inflows of resources related to pensions and OPEB plans are only reported in the statement of net position:

Net pension liability - District pension plan	(105,906)	
Net pension liability -WRS	(1,069,886)	
Net OPEB liability - District OPEB plan	(106,050)	
Deferred inflows of resources related to pensions - District pension plans	(3,352)	
Deferred inflows of resources related to pensions - WRS	(1,473,151)	
Deferred inflows of resources related to OPEB - District OPEB plan	(30,764)	
Deferred outflows of resources related to pensions - District pension plan	174,272	
Deferred outflows of resources related to OPEB - District OPEB plan	116,313	
Deferred outflows of resources related to pension - WRS	2,773,312	274,788

Long-term liabilities, including bonds and notes payable, are not due in the current year and therefore are not reported in the fund statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	(14,820,000)	
Premium on bond issuance	(322,360)	
Compensated absences	(154,440)	
Accrued interest on general obligation debt	(170,099)	(15,466,899)

Net position - Governmental activities	\$	7,977,456
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See accompanying notes to financial statements.

# School District of Fall Creek

## Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local	\$ 2,509,388	\$1,009,818	\$ 248,061	\$ 266,730	\$ 4,033,997
Interdistrict	1,024,125	-	-	-	1,024,125
Intermediate	95,792	-	-	-	95,792
State	6,131,846	-	-	6,331	6,138,177
Federal	288,137	-	-	140,279	428,416
Other	104,431	-	-	-	104,431
<b>Total revenues</b>	<b>10,153,719</b>	<b>1,009,818</b>	<b>248,061</b>	<b>413,340</b>	<b>11,824,938</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Regular instruction	4,843,220	-	-	21,491	4,864,711
Vocational instruction	372,121	-	-	-	372,121
Special instruction	720,231	-	-	-	720,231
Other instruction	511,614	-	-	45,585	557,199
<b>Total instruction</b>	<b>6,447,186</b>	<b>-</b>	<b>-</b>	<b>67,076</b>	<b>6,514,262</b>
<b>Support services:</b>					
Pupil services	286,595	-	-	-	286,595
Instructional staff services	293,536	-	-	-	293,536
General administration services	293,924	-	-	-	293,924
Building administration services	433,857	-	-	-	433,857
Business services	217,570	-	-	-	217,570
Operations and maintenance	877,575	-	3,990,646	-	4,868,221
Pupil transportation	265,100	-	-	-	265,100
Food services	-	-	-	360,708	360,708
Central services	76,759	-	-	-	76,759
Insurance	121,110	-	5,690	-	126,800
<b>Debt services:</b>					
Principal	-	1,220,000	-	-	1,220,000
Interest	-	342,685	-	-	342,685
Bond issuance costs	-	174,247	-	-	174,247
Other support services	433,806	-	12,897	-	446,703
<b>Total support services</b>	<b>3,299,832</b>	<b>1,736,932</b>	<b>4,009,233</b>	<b>360,708</b>	<b>9,406,705</b>
<b>Total expenditures</b>	<b>9,747,018</b>	<b>1,736,932</b>	<b>4,009,233</b>	<b>427,784</b>	<b>15,920,967</b>

**School District of Fall Creek**  
**Governmental Funds - Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances (Continued)**

Year Ended June 30, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	\$ 406,701	\$ (727,114)	\$ (3,761,172)	\$ (14,444)	\$ (4,096,029)
Other financing sources (uses):					
Transfers in	-	-	350,000	17,076	367,076
Transfers out	(367,076)	-	-	-	(367,076)
Issuance of notes	-	-	2,405,000	-	2,405,000
Issuance of bonds	-	-	9,995,000	-	9,995,000
Premium on (notes/bonds) issued	-	229,080	-	-	229,080
Net other financing sources (uses)	(367,076)	229,080	12,750,000	17,076	12,629,080
Net change in fund balances	39,625	(498,034)	8,988,828	2,632	8,533,051
Fund balances - Beginning of year	1,337,844	810,763	644,557	76,045	2,869,209
Fund balances - End of year	\$ 1,377,469	\$ 312,729	\$ 9,633,385	\$ 78,677	\$ 11,402,260

See accompanying notes to financial statements.

**School District of Fall Creek**  
**Governmental Funds - Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to the Statement of Activities**  
Year Ended June 30, 2019

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Total net change in fund balances - Governmental funds \$ 8,533,051

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

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

Capital outlays reported in governmental fund statements	\$ 4,180,392
Depreciation expense reported in statement of activities	(507,890)

Amount by which depreciation is greater than capital outlay in the current period	3,672,502
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Some employee benefits 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.

Change in net OPEB liability - District OPEB plan	5,598
Change in net OPEB liability - District pension plan	(105,906)
Change in net pension asset - WRS	(905,711)
Change in net pension liability - WRS	(1,069,886)
Change in net pension asset - District pension plan	(186,398)
Change in deferred outflows of resources related to pensions - WRS	1,250,927
Change in deferred outflows of resources related to pensions - District pension plan	66,238
Change in deferred outflows of resources related to OPEB - District OPEB plan	116,313
Change in deferred inflows of resources related to pensions - WRS	310,709
Change in deferred inflows of resources related to pensions - District pension plan	3,351
Change in deferred inflows of resources related to OPEB - District OPEB plan	(26,163)

Amounts paid are less than amounts earned	(540,928)
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Unpaid compensated absences are a liability of the governmental funds only if the employee has resigned or retired.

Amount by which the liability for sick pay changed in the current year	(18,260)
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Proceeds of principal debt are reported in the governmental funds as revenue, but are reported as an increase in long-term debt in the statement of net position and do not affect the statement of activities.

Amount of long-term debt proceeds in the current year	(12,400,000)
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# School District of Fall Creek

## Governmental Funds - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities (Continued) Year Ended June 30, 2019

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Total net change in fund balances - Governmental funds (Continued)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year \$ 1,220,000

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period \$ 342,684

The amount of interest accrued during the current period (481,441)

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Interest paid is greater than interest accrued by (138,757)

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

The net effect of these differences in the current year is (217,360)

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**Change in net position - Governmental activities** \$ 110,248

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See accompanying notes to financial statements.

# School District of Fall Creek

## Fiduciary Funds - Statement of Net Position

June 30, 2019

	Employee Benefit Trust- OPEB	Employee Benefit Trust- Pension	Agency Fund
<b>Assets:</b>			
Cash and investments	\$ 103,299	\$ 601,522	\$ 35,642
<b>TOTAL ASSETS</b>	<b>\$ 103,299</b>	<b>\$ 601,522</b>	<b>\$ 35,642</b>
<b>Liabilities:</b>			
Due to other funds	\$ -	\$ -	\$ 1,613
Due to elementary school organizations	-	-	14,642
Due to middle school organizations	-	-	1,193
Due to high school organizations	-	-	14,475
Due to parent organizations	-	-	3,719
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>\$ 35,642</b>
<b>Net position:</b>			
Restricted for pensions	-	601,522	
Restricted for OPEB	103,299	-	
<b>TOTAL NET POSITION</b>	<b>\$ 103,299</b>	<b>\$ 601,522</b>	

See accompanying notes to financial statements.

**School District of Fall Creek**  
**Fiduciary Funds - Statement of Changes in Net Position**  
Year Ended June 30, 2019

	Employee Benefit Trust- OPEB	Employee Benefit Trust- Pension
Additions:		
Retiree contributions	\$ 7,055	\$ -
Interest	2,143	11,255
Payments from Employee Benefit Trust-Pension	111,648	-
<b>Total additions</b>	<b>120,846</b>	<b>11,255</b>
Deductions:		
Postemployment benefits	51,378	221,577
Payments to Employee Benefit Trust - OPEB	-	111,648
<b>Total deductions</b>	<b>51,378</b>	<b>333,225</b>
Net increase (decrease) in net position	69,468	(321,970)
Net position - Beginning of year	33,831	923,492
<b>Net position - End of year</b>	<b>\$ 103,299</b>	<b>\$ 601,522</b>

See accompanying notes to financial statements.

# School District of Fall Creek

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Introduction

The financial statements of the School District of Fall Creek (the "District") have been prepared in accordance with accounting principles generally accepted in the United States (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.

#### Reporting Entity

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

This report includes all of the funds of the School District of Fall Creek. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

# School District of Fall Creek

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Basis of Presentation**

##### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level.

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

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

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

##### *Fund Financial Statements*

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

# School District of Fall Creek

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Basis of Presentation** (Continued)

##### *Fund Financial Statements* (Continued)

The District reports the following major governmental funds:

- General Fund - This is the District's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund, including educational programs for students with disabilities as well as programs provided to the community as a whole.
- Debt Service Fund - This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental activities, including amounts accumulated for principal and interest maturing in future years.
- Capital Projects Fund - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following nonmajor governmental funds:

- Donations Fund - Used to account for gifts and donations that have been restricted by private parties for specific purposes.
- Food Service Fund - Used to account for financial resources that are restricted to expenditure in the District's breakfast and lunch program.

The District accounts for assets held as an agent for various student and parent organizations in an agency fund and resources legally held in trust for the District's pension and other postemployment benefits in an employee benefit trust fund.

#### **Measurement Focus and Basis of Accounting**

The government-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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

# School District of Fall Creek

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Measurement Focus and Basis of Accounting (Continued)**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

#### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Deposits and Investments**

The District's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less and shares in the local government investment pool.

The Debt Service and Capital Projects Funds account for their transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the Trust and Agency Funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

State Statutes permit the District to invest available cash balances, other than debt service funds, in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. agency issues, municipal obligations within Wisconsin, high-grade commercial paper, and the local government pooled investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in obligations of the United States and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

# School District of Fall Creek

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Deposits and Investments (Continued)**

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

Funds held in the Employee Benefit Trust Fund to provide for pension and other postemployment benefits may be invested in any kind of property or type of investment consistent with the prudent investor rule set forth in WI Stat. 881.01. This rule requires the trustee of an Employee Benefit Trust Fund to exercise reasonable care, skill, and caution when investing and managing the assets of the trust.

All investments are stated at fair market value except for the investment in the local government investment pool and the AUL contract, which are valued at amortized cost.

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

#### **Receivables and Payables**

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

#### **Prepaid Items**

Prepaid items represent payments made by the District for which benefits extend beyond June 30.



# School District of Fall Creek

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Capital Assets**

Capital assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for furniture and equipment.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

#### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types 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.

# School District of Fall Creek

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The District reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset). In addition, the District reports a deferred outflow of resources related to the District's pension plan and the District's OPEB plan for the differences between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The District reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions. The District reports a deferred inflow of resources related to the District's pension plan for changes in assumptions. The District reports a deferred inflow of resources related to the District OPEB plan for changes in assumptions and the net difference between projected and actual earnings on OPEB plan investments.

#### **Accumulated Sick Pay and Other Employee Benefit Amounts**

The District's policy allows employees to earn varying amounts of sick pay for each year employed. Teachers who have five years of employment with the District receive \$30 per day of unused sick leave for up to 110 days. Support staff who do not elect an early retirement benefit and have ten years of employment with the District receive \$30 per day of unused sick leave for up to 100 days. Administrators receive \$100 per day of unused sick leave for up to a 75 days. Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick pay is included in the compensated absences liability at year-end.

Postemployment Benefits - As provided in applicable negotiated contracts and employee handbooks, certified District employees meeting a minimum age and length of service requirement may participate in the District's group health insurance and stipend program.

#### District Postemployment Benefits Other Than Pensions (OPEB)

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

# School District of Fall Creek

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Accumulated Sick Pay and Other Employee Benefit Amounts (Continued)**

##### District Pension Plans

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), the District defined benefit pension plan and additions to/deductions from the WRS' fiduciary net position, and the District defined benefit pension plan's fiduciary net position have been determined on the same basis as they are reported by the WRS and the District defined benefit pension plan. 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.

##### **Restricted Assets**

Restricted assets are cash, cash equivalents, investments, and the net pension asset whose use is limited by legal requirements such as a bond indenture or asset in irrevocable trust.

##### **Net Position**

For government-wide reporting, net position is reported in three categories.

*Net investment in capital assets:* This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, acquire, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the construction, acquisition, or improvement of those assets or the related debt are also included in this category. Unspent portions of capital-related debt proceeds are not included in this category.

*Restricted:* This category consists of noncapital assets whose use is restricted, reduced by liabilities and deferred inflows of resources related to those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted:* This category consists of the remaining net position that does not meet the definition of the two preceding categories.

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

# School District of Fall Creek

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance:* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance:* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance:* This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Board of Education has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance:* This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

#### Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county purposes.

# School District of Fall Creek

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Property Tax Levy (Continued)**

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or 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 may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2018 tax levy is used to finance operations of the District's fiscal year ended June 30, 2019. All property taxes are considered due on January 1 when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

#### **Subsequent Events**

Subsequent events have been evaluated through November 11, 2019, which is the date the financial statements were available to be issued.

### **Note 2: Stewardship and Accountability**

#### **Limitation on School District Revenues**

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

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

# School District of Fall Creek

## Notes to Financial Statements

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### Note 3: Cash and Investments

#### Deposits

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$113,290 of the District's bank balance of \$13,425,001 was exposed to custodial credit risk as uninsured and collateral held by pledging financial institution's trust department or agent but not in the District's name.

#### Investments

*Interest Rate Risk:* 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. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

*Credit Risk:* State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Local Government Investment Pool (LGIP). The District has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk:* For an investment, concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have an investment policy for concentration of credit risk. More than 5% of the District's investments are in annuity contracts with American United Life Insurance Company. This investment is 97.58% of the District's total investments. The investments with American United Life Insurance Company also represent 100.0% of the total investments reported in the Employee Benefit Trust Fund.

The District's cash and investment balances at June 30, 2019, were as follows:

	<b>Maturities</b>	<b>Fair Value</b>
Local Government Investment Pool Fund	16-day average	\$ 17,499
AUL Annuity Contract		704,820
<hr/>		
Total investments		722,319
Net cash deposits with financial institutions carrying amount		12,791,130
Less - Cash and investments held by fiduciary funds		(740,463)
<hr/>		
Cash and investments reported on statement of net position		<u>\$ 12,772,986</u>

# School District of Fall Creek

## Notes to Financial Statements

### Note 3: Cash and Investments (Continued)

The District is a participant in the LGIP, which is authorized in Wisconsin Statutes 25.14 and 25.17 under the oversight of the State of Wisconsin Investment Board. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. The investment in the LGIP is not subject to the fair value hierarchy disclosures.

### Note 4: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2019, are as follows:

	Due To:	
<i>Due From:</i>	General Fund	Capital Projects Fund
General Fund	\$ -	\$ 350,000
Agency Fund	1,613	-
Totals	\$ 1,613	\$ 350,000

The purpose for interfund receivable and payable balances is to make a funding contribution for long-term projects of the District and amounts owed to the general fund related to accounts payable at year-end.

In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Interfund transfers at June 30, 2019, were as follows:

	Transfer To:	
<i>Transfer From:</i>	Capital Projects Fund	Food Service Fund
General Fund	\$ 350,000	\$ 17,076

The purpose for the interfund transfer to the Capital Projects Fund is to make a funding contribution for long-term capital projects of the District. The purpose of the interfund transfer to the food service fund was to eliminate negative fund balance at year-end.

# School District of Fall Creek

## Notes to Financial Statements

### Note 5: Capital Assets

Capital asset balances and activity for the year ended June 30, 2019, were as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 297,500	\$ -	\$ -	\$ 297,500
Construction in progress	-	3,990,646	-	3,990,646
<b>Total capital assets not being depreciated</b>	<b>297,500</b>	<b>3,990,646</b>	<b>-</b>	<b>4,288,146</b>
Capital assets being depreciated:				
Land improvements	606,606	-	-	606,606
Buildings and building improvements	12,746,713	39,735	-	12,786,448
Furniture and equipment	2,729,827	150,011	(65,244)	2,814,594
<b>Total capital assets being depreciated</b>	<b>16,083,146</b>	<b>189,746</b>	<b>(65,244)</b>	<b>16,207,648</b>
Less accumulated depreciation for:				
Land improvements	(300,287)	(22,386)	-	(322,673)
Buildings and building improvements	(5,870,463)	(320,115)	-	(6,190,578)
Furniture and equipment	(2,115,091)	(165,389)	65,244	(2,215,236)
<b>Total accumulated depreciation</b>	<b>(8,285,841)</b>	<b>(507,890)</b>	<b>65,244</b>	<b>(8,728,487)</b>
<b>Total capital assets, being depreciated - Net of accumulated depreciation</b>	<b>7,797,305</b>	<b>(318,144)</b>	<b>-</b>	<b>7,479,161</b>
<b>Governmental activities capital assets - Net</b>	<b>\$ 8,094,805</b>	<b>\$ 3,672,502</b>	<b>\$ -</b>	<b>\$ 11,767,307</b>



# School District of Fall Creek

## Notes to Financial Statements

### Note 5: Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Regular instruction	\$	34,289
Vocational instruction		517
Special education instruction		1,767
Other instruction		3,121
Instructional staff services		306
General administration services		446
Building administration services		498
Operations and maintenance of schools		71,666
Food service		268
Pupil transportation services		57,034
Central services		45,522
Other support services		946
Depreciation not charged to a specific function		291,510
<hr/>		
Total depreciation for governmental activities	\$	507,890

### Note 6: Long-Term Obligations

Long-term obligations of the District are as follows:

	Balance 07/01/18	Additions	Reductions	Balance 06/30/19	Amounts Due Within One Year
GO School Improvement Bonds - 9/10/12	\$ 3,640,000	\$ -	\$ 315,000	\$ 3,325,000	\$ 220,000
GO School Improvement Bonds - 7/12/18	-	9,995,000	535,000	9,460,000	-
Premium on issuance	105,000	229,080	11,720	322,360	-
Notes	-	2,405,000	370,000	2,035,000	410,000
<hr/>					
Subtotals	3,745,000	12,629,080	1,231,720	15,142,360	630,000
<hr/>					
Compensated absences	136,180	44,790	26,530	154,440	-
<hr/>					
Totals	\$ 3,881,180	\$ 12,673,870	\$ 1,258,250	\$ 15,296,800	\$ 630,000

Payments on bonds are made by the Debt Service Fund. The compensated absences will be liquidated by several of the governmental funds.

# School District of Fall Creek

## Notes to Financial Statements

### Note 6: Long-Term Obligations (Continued)

#### General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2019, is comprised of the following individual issues:

	Governmental Activities			Balance 06/30/19
	Issue Dates	Interest Rates %	Dates of Maturity	
GO Promissory Note	1/3/2019	2.00% - 5.00%	3/1/2025	\$ 2,035,000
GO School Improvement Bonds	7/12/2018	3.00% - 5.00%	3/1/2038	9,460,000
GO School Improvement Bonds	9/10/2012	2.00% - 3.00%	3/1/2032	3,325,000
<b>Total general obligation debt*</b>				<b>\$ 14,820,000</b>

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$337,537,040. The legal debt limit and margin of indebtedness as of June 30, 2019, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

Legal debt limit (10% of \$337,537,040)	\$ 33,753,704
Deduct - Long-term debt* applicable to debt margin	14,820,000
Add - Debt service fund assets available	312,729
<b>Margin of indebtedness</b>	<b>\$ 19,246,433</b>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2019, are as follows:

<b>Governmental Activities</b>			
<b>Year Ended June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2020	\$ 630,000	\$ 510,295	\$ 1,140,295
2021	560,000	484,845	1,044,845
2022	580,000	463,595	1,043,595
2023	600,000	440,920	1,040,920
2024	620,000	417,383	1,037,383
2025-2029	3,520,000	1,774,325	5,294,325
2030-2034	4,230,000	1,160,540	5,390,540
2035-2038	4,080,000	364,000	4,444,000
<b>Totals</b>	<b>\$ 14,820,000</b>	<b>\$ 5,615,903</b>	<b>\$ 20,435,903</b>

# School District of Fall Creek

## Notes to Financial Statements

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### Note 7: Employee Retirement Plans - Wisconsin Retirement System

#### Plan Description

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found online at <http://etf.wi.gov/publications/cafr.htm>.

#### Vesting

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

#### Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

# School District of Fall Creek

## Notes to Financial Statements

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### Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

#### Postretirement 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>
2009	(2.1)%	(42.0)%
2010	(1.3)%	22.0 %
2011	(1.2)%	11.0 %
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0 %
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %

#### 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 executive and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$305,046 in contributions from the employer.

# School District of Fall Creek

## Notes to Financial Statements

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### **Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)**

#### **Contributions (Continued)**

Contribution rates as of June 30, 2019, are as follows:

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

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

At June 30, 2019, the District reported a liability of \$1,069,886 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability 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 0.03007252%, which was an increase of 0.00043188% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$725,377.

# School District of Fall Creek

## Notes to Financial Statements

### Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 833,277	\$ (1,472,937)
Net differences between projected and actual earnings on pension plan investments	1,562,495	-
Change in assumptions	180,342	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,305	(214)
Employer contributions subsequent to the measurement date	188,893	-
<b>Total</b>	<b>\$ 2,773,312</b>	<b>\$ (1,473,151)</b>

\$188,893 reported as deferred outflows of resources related to pensions 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Net Deferred Outflows (Inflows) of Resources
2020	\$ 402,280
2021	103,807
2022	176,625
2023	428,556

# School District of Fall Creek

## Notes to Financial Statements

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### Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

#### Actuarial Assumptions

The total pension liability in the December 31, 2018, 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 (asset)	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
Postretirement adjustments*	1.9%

*\*No postretirement 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 postretirement discount rate.*

Actuarial assumptions are based on an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience 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 on a rollforward of the liability calculated from the December 31, 2017, actuarial valuation.

# School District of Fall Creek

## Notes to Financial Statements

### Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

#### Asset Allocation Targets and Expected Returns As of December 31, 2018

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Global equities	49.0%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9.0%	6.5%	3.9%
Private equity/debt	8.0%	9.4%	6.7%
Multi-asset	4.0%	6.7%	4.1%
<b>Total core fund</b>	<b>110.0%</b>	<b>7.3%</b>	<b>4.7%</b>
Variable fund:			
U.S. equities	70.0%	7.6%	5.0%
International equities	30.0%	8.5%	5.9%
<b>Total variable fund</b>	<b>100.0%</b>	<b>8.0%</b>	<b>5.4%</b>

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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



# School District of Fall Creek

## Notes to Financial Statements

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### Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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 member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected 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 calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
District's proportionate share of the net pension liability (asset)	\$ 4,251,839	\$ 1,069,886	\$ (1,296,142)

#### 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>.

#### Payables to the Pension Plan

At June 30, 2019, the District reported a payable of \$131,913 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

# School District of Fall Creek

## Notes to Financial Statements

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### Note 8: District Pension Plan and Benefits

The District administers a single-employer defined benefit plan that provides pension benefits to eligible retirees as established by District policy. The School District Board manages the pension plan and has appointed the District Bookkeeper as trustee and Mid America Bank as investment manager. There are 12 active plan members, 13 inactive plan members currently receiving benefits.

The School Board has the authority to establish and amend the types of benefits provided through the pension plan. The District provides an early retirement stipend to support staff with 20 consecutive years of service and who elect to retire beginning at age 62. The benefit is also available to teachers and administrators who were hired prior to July 1, 2017, who had opted out to collect the prefunded early retirement benefit and were at least 50 years of age and employed on June 30, 2012. The stipend shall be paid monthly from the time of retirement until the recipient becomes Medicare eligible. The amount of the stipend shall be set at retirement. Support staff receives \$600 per month less elected health and/or dental premiums. At the age of 57, teachers and administrators receive a monthly stipend equal to the lesser of the health insurance premium at the time of retirement, or \$1,583, less elected health and/or dental premiums. This benefit is prorated for eligible teachers and administrators retiring between the ages of 55 and 56. The School Board determines the amount contributed to the trust and did not make a contribution in 2018. The plan does not issue a standalone report.

The pension plan investment policies and investment disclosures are discussed in Note 1 and Note 3. For June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.49%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability of the District at June 30, 2019, are as follows:

Total pension liability	\$	707,428
Plan fiduciary net position		(601,522)
<hr/>		
Net pension liability	\$	105,906
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Plan fiduciary net position as a percentage of the total pension liability	85.0 %
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The total pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 3.50%, net of pension plan investment expense, including inflation. Mortality, disability, and retirement rates are from the WRS experience for public schools. The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study from 2012-2014.

# School District of Fall Creek

## Notes to Financial Statements

### Note 8: District Pension Plan and Benefits (Continued)

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, (see discussion of the pension plan's investment policy) are summarized in the following table:

<i>Asset Class</i>	<b>Long-Term Expected Real Rate of Return</b>
AUL annuity contracts	3.50 %

The discount rate used to measure the total pension liability was 3.50%, as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability (asset) for the year ended June 30, 2019, are as follows:

<i>Changes in Net Pension Liability</i>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances at June 30, 2018	\$ 737,094	\$ 923,492	\$ (186,398)
Changes for the year:			
Service cost	14,371	-	14,371
Interest	23,756	-	23,756
Differences between expected and actual experience	145,756	-	145,756
Changes in assumptions or other input	8,028	-	8,028
Net investment income	-	11,255	(11,255)
Benefit payments	(221,577)	(221,577)	-
Payments to Employee Benefit Trust - OPEB	-	(111,648)	111,648
Net changes	(29,666)	(321,970)	292,304
Balances at June 30, 2019	\$ 707,428	\$ 601,522	\$ 105,906

# School District of Fall Creek

## Notes to Financial Statements

### Note 8: District Pension Plan and Benefits (Continued)

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 3.50%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
District's net pension liability (asset)	\$ 120,355	\$ 105,906	\$ 91,926

For the year ended June 30, 2019, the District recognized pension expense of \$111,067. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 119,272	\$ -
Changes of assumptions	12,155	(3,352)
Net difference between projected and actual earnings on pension plan investments	42,845	-
<b>Totals</b>	<b>\$ 174,272</b>	<b>\$ (3,352)</b>

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2020	\$ 96,101
2021	62,941
2022	8,440
2023	3,438

At June 30, 2019, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

# School District of Fall Creek

## Notes to Financial Statements

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### Note 9: Other Postemployment Benefits

The District administers a single-employer defined benefit plan that provides OPEB benefits to eligible retirees as established by District policy. The School District Board manages the OPEB plan and has appointed the District Bookkeeper as trustee and Mid America Bank as investment manager. There are 52 active plan members, 8 inactive plan members currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits.

The School Board has the authority to establish and amend the types of benefits provided through the OPEB plan. The plan provides funds for medical benefits to eligible retirees and their families through the District's group medical insurance plan, which covers both active and retired members. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive funds for medical benefits for up to 10 years or until they are eligible for Medicare. The School Board determines the amount contributed to the trust. There were no contributions to the plan in the current year. The plan does not issue a standalone report.

The OPEB plan investment policies and investment disclosures are discussed in Note 1 and Note 3. Currently the plan is invested in AUL annuity contracts. For June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 1.49%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the District at June 30, 2019, are as follows:

Total OPEB liability	\$	209,349
Plan fiduciary net position		(103,299)
<hr/>		
Net OPEB liability	\$	106,050
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Plan fiduciary net position as a percentage of the total OPEB liability		49.34 %

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.50%, average, including inflation. The investment rate of return was 3.50%, net of OPEB plan investment expense, including inflation. The medical care trend at a rate of 7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.00% and level thereafter. Actuarial assumptions are based upon an experience study conducted in 2015 using WRS experience from 2012-2014.

# School District of Fall Creek

## Notes to Financial Statements

### Note 9: Other Postemployment Benefits (Continued)

The long-term expected rate of return on OPEB 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 OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019, (see discussion of the plan's investment policy) are summarized in the following table:

<i>Asset Class</i>	<b>Long-Term Expected Real Rate of Return</b>
AUL annuity contracts	3.50 %

The discount rate used to measure the total pension liability was 3.50%, as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond. 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. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the net OPEB liability for the year ended June 30, 2019, are as follows:

<i>Changes in Net OPEB Liability</i>	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 145,479	\$ 33,831	\$ 111,648
Changes for the year:			
Service cost	4,453	-	4,453
Interest	4,708	-	4,708
Differences between expected and actual experience	127,944	-	127,944
Changes in assumptions or other input	(28,911)	-	(28,911)
Net investment income	-	2,143	(2,143)
Benefit payments	(44,324)	(44,323)	(1)
Payments from Employee Benefit Trust - Pension	-	111,648	(111,648)
Net changes	63,870	69,468	(5,598)
Balances at June 30, 2019	\$ 209,349	\$ 103,299	\$ 106,050

# School District of Fall Creek

## Notes to Financial Statements

### Note 9: Other Postemployment Benefits (Continued)

The following presents the net OPEB liability of the District, calculated using the discount rate of 3.50%, as well as what the District's net OPEB liability would be if it were calculating using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
District's net OPEB liability	\$ 113,191	\$ 106,050	\$ 99,133

The following represents the District's net OPEB liability calculated using the health care cost trend rate of 7.5% decreasing to 5.0%, as well as what the District's net OPEB liability would be if it were calculated using the health care cost trend rate that is 1 percentage point lower (6.5% decreasing to 4.0%) or 1 percentage point higher (8.5% decreasing to 6.0%) than the current rate:

	1% Decrease (6.5% decreasing to 4.0%)	Health Care Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase to (8.5% decreasing to 6.0%)
District's net OPEB liability	\$ 95,375	\$ 106,050	\$ 117,949

For the year ended June 30, 2019, the District recognized OPEB expense of \$22,955. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,313	\$ -
Changes of assumptions or other input	-	29,151
Net difference between projected and actual earnings on OPEB plan investments	-	1,613
<b>Total</b>	<b>\$ 116,313</b>	<b>\$ 30,764</b>

# School District of Fall Creek

## Notes to Financial Statements

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### Note 9: Other Postemployment Benefits (Continued)

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

Year Ended June 30:	Deferred Outflows (Inflows) of Resources
2020	\$ 7,147
2021	7,149
2022	8,580
2023	8,655
2024	9,003
Thereafter	45,015

At June 30, 2019, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

### Note 10: 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; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal year 2019.

### Note 11: Jointly Governed Organization

The District is served by Cooperative Education Service Agency No. 10 (CESA). CESA is a regional service entity organized to serve the educational needs of 29 school districts in all or parts of Barron, Buffalo, Chippewa, Clark, Dunn, Eau Claire, Jackson, Marathon, Price, Rusk, Sawyer, Taylor, and Trempealeau Counties. CESA is governed by an 11-member board of control elected from a delegate assembly, which consists of one school board member from each of the school districts in the CESA region, with special provisions made for areas served by union high/K-8 districts. Participating school districts have neither an ongoing financial interest nor responsibility. The District purchased \$86,498 of education services during the fiscal year. At June 30, 2019, due to/from other governments included \$30,007 for CESA.



## **Required Supplementary Information**

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**School District of Fall Creek**  
**Budgetary Comparison Schedule - General Fund**  
Year Ended June 30, 2019

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local	\$ 2,505,120	\$ 2,505,120	\$ 2,508,604	\$ 3,484
Interdistrict	1,018,214	1,018,339	1,010,190	(8,149)
Intermediate	35,398	35,398	35,860	462
State	5,939,279	5,939,279	5,962,408	23,129
Federal	116,914	116,914	116,243	(671)
Other	87,000	127,000	104,431	(22,569)
<b>Total revenues</b>	<b>9,701,925</b>	<b>9,742,050</b>	<b>9,737,736</b>	<b>(4,314)</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Undifferentiated curriculum	1,880,912	1,881,037	1,850,672	30,365
Regular curriculum	2,192,523	2,344,351	2,344,605	(254)
Vocational instruction	365,868	372,122	372,121	1
Physical curriculum	244,282	244,282	243,731	551
Co-curricular activities	297,006	276,153	267,882	8,271
Gifted and talented	38,641	38,641	29,426	9,215
<b>Total instruction</b>	<b>5,019,232</b>	<b>5,156,586</b>	<b>5,108,437</b>	<b>48,149</b>
<b>Support services:</b>				
Pupil services	166,695	169,698	169,698	-
Instructional staff services	239,915	239,915	237,014	2,901
General administration services	352,384	293,925	293,924	1
Building administration services	433,414	433,858	433,857	1
Business services	1,532,726	1,357,864	1,357,864	-
Central services	70,757	76,759	76,759	-
Insurance	122,934	122,934	121,110	1,824
Other support services	338,458	427,484	427,484	-
<b>Total support services</b>	<b>3,257,283</b>	<b>3,122,437</b>	<b>3,117,710</b>	<b>4,727</b>
<b>Non-program transactions:</b>				
Purchased instructional services	619,743	647,943	647,942	1
Other nonprogram transactions	200	200	189	11
<b>Total non-program transactions</b>	<b>619,943</b>	<b>648,143</b>	<b>648,131</b>	<b>12</b>
<b>Total expenditures</b>	<b>8,896,458</b>	<b>8,927,166</b>	<b>8,874,278</b>	<b>52,888</b>

**School District of Fall Creek**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
Year Ended June 30, 2019

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Excess of revenues over expenditures	\$ 805,467	\$ 814,884	\$ 863,458	\$ 48,574
Other financing sources (uses):				
Transfers out	(805,467)	(814,884)	(824,366)	(9,482)
Net other financing sources (uses)	(805,467)	(814,884)	(824,366)	(9,482)
Net change in fund balance	-	-	39,092	39,092
Fund balance - Beginning of year	1,328,686	1,328,686	1,328,686	-
Fund balance - End of year	\$ 1,328,686	\$ 1,328,686	\$ 1,367,778	\$ 39,092

See Independent Auditor's Report.

See accompanying notes to the Budgetary Comparison Schedule - General Fund.

# School District of Fall Creek

## Notes to the Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

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### **Note 1: Budgetary Information**

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction (DPI).

The legally adopted budget and budgetary expenditure control are exercised at the two-digit subfunction level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board 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 School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as an assigned fund balance.

**School District of Fall Creek**  
**Notes to the Budgetary Comparison Schedule - General Fund (Continued)**  
Year Ended June 30, 2019

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**Note 2: Budgetary Comparisons**

GAAP requires a budgetary comparison for the General Fund and each major special revenue fund.

Required comparisons are between the final budget and actual on a budgetary basis. The "original budget" represents the budget as approved by the school board after it sets the tax to be levied for the fiscal year. The "final budget" is the "original budget" adjusted for any budget amendments approved by the school board during the fiscal year and up to the time the financial statements are ready to be issued. The "actual on a budgetary basis" excludes the revenues, expenditures, and other financing sources (uses) of the special education fund and community service fund, which are treated as special revenue funds for budgetary purposes. The following schedule reconciles the "budgetary basis" revenues and expenditures of the *budgetary comparison schedule - general fund* to the *governmental funds - statement of revenues, expenditures, and changes in fund balances*:

	<b>General Fund Actual on Budgetary Basis</b>	<b>Special Education Fund</b>	<b>Community Service Fund</b>	<b>General Fund Actual on GAAP Basis</b>
Revenues	\$ 9,737,736	\$ 415,449	\$ 533	\$ 10,153,718
Expenditures	(8,874,278)	(872,739)	-	(9,747,017)
Other financing sources (uses)	(824,366)	457,290	-	(367,076)
<b>Net change in fund balance</b>	<b>\$ 39,092</b>	<b>\$ -</b>	<b>\$ 533</b>	<b>\$ 39,625</b>

**Note 3: Excess of Expenditures Over Appropriations**

For the year ended June 30, 2019, the General Fund had expenditures in excess of appropriations for the following two-digit subfunction categories:

	<b>Budget</b>	<b>Actual</b>	<b>Actual Over Budget</b>
Regular curriculum	\$ 2,344,351	\$ 2,344,605	\$ 254

# School District of Fall Creek

## Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years\*

### Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System (WRS)

Last 10 Calendar Years\*

Measurement Date December 31,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	Districts Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.03007252 %	\$ 1,069,886	\$ 4,552,944	23.50 %	96.45 %
2017	0.03050440	(905,711)	4,497,599	(20.14)	102.93
2016	0.03093218	254,955	4,386,086	5.81	99.12
2015	0.03141238	510,445	4,389,280	11.63	98.20
2014	0.03160067	(776,199)	4,414,991	(17.58)	102.74

### Schedule of the Employer Contributions Wisconsin Retirement System (WRS)

Last 10 Fiscal Years\*

Year Ended June 30,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2019	\$ 305,046	\$ 305,046	-	\$ 4,703,100	6.49 %
2018	301,589	301,589	-	4,475,341	6.74
2017	301,269	301,269	-	4,481,163	6.72
2016	289,357	289,357	-	4,333,506	6.68
2015	305,990	305,990	-	4,448,899	6.88

**Notes to the Schedules:**

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

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

\*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

**School District of Fall Creek**  
**Schedule of Changes in the Employer's Net Pension**  
**Liability (Asset) and Related Ratios - District Pension Plan**  
Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Total pension liability:					
Service cost	\$ 14,371	\$ 15,362	\$ 15,362	\$ 22,322	\$ 22,322
Interest on the total pension liability	23,756	24,920	26,154	49,155	55,330
Differences between expected and actual experience	145,756	-	88,407	-	-
Changes of assumptions on other inputs	8,028	(10,054)	27,215	-	-
Benefit payments	(221,577)	(232,271)	(164,271)	(194,291)	(208,022)
Net change in total pension liability	(29,666)	(202,043)	(7,133)	(122,814)	(130,370)
Total pension liability - Beginning	737,094	939,137	946,270	1,069,084	1,199,454
<b>Total pension liability - Ending</b>	<b>\$ 707,428</b>	<b>\$ 737,094</b>	<b>\$ 939,137</b>	<b>\$ 946,270</b>	<b>\$ 1,069,084</b>
Plan fiduciary net position:					
Contributions - Employer	\$ -	\$ -	\$ -	\$ 479,513	\$ 344,311
Net investment income	11,255	13,475	19,942	18,230	18,437
Benefit payments, including refunds of employee contributions	(221,577)	(232,271)	(164,271)	(194,291)	(208,022)
Payments from Employee Benefit Trust - OPEB	(111,648)	-	-	-	-
Net change in plan fiduciary net position	(321,970)	(218,796)	(144,329)	303,452	154,726
Plan fiduciary net position - Beginning	923,492	1,142,288	1,286,617	983,165	828,439
<b>Plan fiduciary net position - Ending</b>	<b>\$ 601,522</b>	<b>\$ 923,492</b>	<b>\$ 1,142,288</b>	<b>\$ 1,286,617</b>	<b>\$ 983,165</b>
District's net pension liability (asset) - Ending	\$ 105,906	\$ (186,398)	\$ (203,151)	\$ (340,347)	\$ 85,919

**School District of Fall Creek**  
**Schedule of Changes in the Employer's Net Pension**  
**Liability (Asset) and Related Ratios - District Pension Plan (Continued)**  
Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Plan fiduciary net position as a percentage of the total pension liability	85.03 %	125.29 %	121.63 %	135.97 %	91.96 %
Covered payroll	\$ 478,385	\$ 765,133	\$ 677,305	\$ 896,838	\$ 1,116,397
District's net pension liability as a percentage of covered payroll	22.14 %	(24.36)%	(29.99)%	(37.95)%	7.70 %

**Notes to Schedule:**

*Benefit changes:* There were no changes of benefit terms for any participating employer in District pension plan.

*Changes of assumptions:*

- Discount rate - Changed from 3.75% to 3.5% in the 2019 study

\*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.



**School District of Fall Creek**  
**Schedule of Employer Contributions - District Pension Plan**  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,580	\$ 4,186	\$ 4,186	\$ 177,727	\$ 177,727
Contributions in relation to the actuarially determined contribution	-	-	-	479,513	344,311
<b>Contribution deficiency (excess)</b>	<b>\$ 4,580</b>	<b>\$ 4,186</b>	<b>\$ 4,186</b>	<b>\$ (301,786)</b>	<b>\$ (166,584)</b>
Covered payroll	\$478,385	\$ 765,133	\$ 677,305	\$ 896,838	\$ 1,116,397
Contributions as a percentage of covered payroll	0.00 %	0.00 %	0.00 %	53.47 %	30.84 %

# School District of Fall Creek

## Notes to Schedule of Employer Contributions - District Pension Plan

Last 10 Fiscal Years\*

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**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Actuarial cost method	Entry age normal	Entry age normal	Project unit credit
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	30 years	30 years	30 years
Asset valuation method:	Market value	Market value	Market value
Inflation	2.5%	2.5%	3.0%
Salary increases	3.0%	3.0%	3.0%
Investment rate of return	3.5%	3.0%	5.0%
Retirement age	WRS 2015	WRS 2012	WRS 2012
	Mortality table	Mortality table	Mortality table
Mortality	WRS 2012	WRS 2012	WRS 2012
	Mortality table	Mortality table	Mortality table

\*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available

See Independent Auditor's Report.

**School District of Fall Creek**  
**Schedule of Investment Returns - District Pension Plan**  
Last 10 Fiscal Years\*

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	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	1.49 %	1.42 %	1.72 %	1.90 %	1.12 %

\*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

# School District of Fall Creek

## Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios - District OPEB Plan

Last 10 Fiscal Years\*

	2019	2018	2017
Measurement date	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability:			
Service cost	\$ 4,453	\$ 4,897	\$ 4,897
Interest	4,708	4,975	6,871
Differences between expected and actual experience	127,944	-	-
Changes of assumptions or other input	(28,911)	(5,738)	-
Benefit payments including refunds of member contributions	(44,324)	(44,073)	(105,891)
Net change in total OPEB liability	63,870	(39,939)	(94,123)
Total OPEB liability - Beginning	145,479	185,418	279,541
<b>Total OPEB liability - Ending</b>	<b>\$ 209,349</b>	<b>\$ 145,479</b>	<b>\$ 185,418</b>
Plan fiduciary net position:			
Retiree contributions	-	\$ 2,948	\$ 2,514
Net investment income	2,144	2,378	3,519
Benefit payments, including refunds of employee contributions	(44,324)	(47,021)	(108,405)
Payments from Employee Benefit Trust - Pension	111,648	-	-
Net change in plan fiduciary net position	69,468	(41,695)	(102,372)
Plan fiduciary net position - Beginning	33,831	75,526	177,898
<b>Plan fiduciary net position - Ending</b>	<b>\$ 103,299</b>	<b>\$ 33,831</b>	<b>\$ 75,526</b>
<b>District's net OPEB liability - Ending</b>	<b>\$ 106,050</b>	<b>\$ 111,648</b>	<b>\$ 109,892</b>
Plan fiduciary net position as a percentage of the total OPEB liability	49.34 %	23.25 %	40.73 %
Covered-employee payroll	\$ 2,700,310	\$ 468,505	\$ 468,505
District's net OPEB liability as a percentage of covered-employee payroll	3.93 %	23.83 %	23.46 %

**Notes to Schedule:**

*Benefit changes:* There were no changes of benefit terms.

*Changes of assumptions:*

- Discount Rate - Changed from 3.75% to 3.5% in the 2019 study
- Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012-2014.
- Morality Assumptions are based on the Wisconsin 2012 Mortality table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (Multiplied 50%)

\*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

**School District of Fall Creek**  
**Schedule of Employer Contributions - District OPEB Plan**  
 Last 10 Fiscal Years\*

	2019	2018	2017
Actuarially determined contribution	\$ 15,231	\$ 10,230	\$ 10,230
Contributions in relation to the actuarially determined contribution	-	-	-
<b>Contribution deficiency (excess)</b>	<b>\$ 15,231</b>	<b>\$ 10,230</b>	<b>\$ 10,230</b>
Covered-employee payroll	\$ 2,700,310	\$ 468,505	\$ 468,505
Contributions as a percentage of covered-employee payroll	0.00 %	0.00 %	0.00 %

# School District of Fall Creek

## Notes to Schedule of Employer Contributions - District OPEB Plan

Last 10 Fiscal Years\*

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**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Actuarial cost method	Entry age normal	Entry age normal	Project unit credit
Amortization method:	Level dollar	Level dollar	Level dollar
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Market value	Market value	Market value
Inflation	2.5%	2.5%	2.5%
Health care trend rates	7.50% initial, decreasing .5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter	7.50% initial, decreasing .5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter	7.50% initial, decreasing .5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Salary increases	3.0%	3.0%	3.0%
Investment rate of return	3.5%	3.0%	5.0%
Retirement age	WRS 2015	WRS 2012	WRS 2012
	Mortality table	Mortality table	Mortality table
Mortality	WRS 2012	WRS 2012	WRS 2012
	Mortality table	Mortality table	Mortality table

\*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

**School District of Fall Creek**  
**Schedule of Investment Returns - District OPEB Plan**  
 Last 10 Fiscal Years\*

	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	1.49 %	1.42 %	1.72 %

\*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

## **Supplementary Financial Information**

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**School District of Fall Creek**  
**Fiduciary Fund - Schedule of Changes in Assets and Liabilities**  
**(Student Organizations' Agency Fund)**  
Year Ended June 30, 2019

<i>Assets</i>	Balance 07/01/18	Additions	Deductions	Balance 06/30/19
Cash	\$ 36,273	\$ 120,635	\$ 121,266	\$ 35,642
<b>TOTAL ASSETS</b>	<b>\$ 36,273</b>	<b>\$ 120,635</b>	<b>\$ 121,266</b>	<b>\$ 35,642</b>
<b><i>Liabilities</i></b>				
Due to student organizations:				
Elementary school	\$ 6,443	\$ 45,108	\$ 36,909	\$ 14,642
Middle school	1,374	9,621	9,802	1,193
High school	21,895	62,303	69,723	14,475
Parent organizations	4,642	1,580	2,503	3,719
Due to General Fund	1,919	2,023	2,329	1,613
<b>TOTAL LIABILITIES</b>	<b>\$ 36,273</b>	<b>\$ 120,635</b>	<b>\$ 121,266</b>	<b>\$ 35,642</b>

See Independent Auditor's Report.

# School District of Fall Creek

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE							
Wisconsin Department of Public Instruction							
Child Nutrition Cluster:							
School Breakfast Program July 1, 2018-June 30, 2019	10.553	2019-181729-SB-546	\$ 368	\$ 18,810	\$ 18,898	\$ 456	-
National School Lunch Program (Cash Assistance) July 1, 2018-June 30, 2019	10.555	2019-181729-NSL-547	2,038	100,556	101,580	3,062	-
National School Lunch Program (Non-Cash Assistance) July 1, 2018-June 30, 2019	10.555	2019-181729-NSL-547	-	19,800	19,800	-	-
TOTAL 10.555			2,038	120,356	121,380	3,062	-
TOTAL CHILD NUTRITION CLUSTER			2,406	139,166	140,278	3,518	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,406	139,166	140,278	3,518	-

# School District of Fall Creek

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction							
Special Education Cluster (IDEA)							
Special Education Grants to State July 1, 2018-June 30, 2019	84.027	2019-181729-IDEA-FT-341	\$ 58,607	\$ 112,012	\$ 164,424	\$ 111,019	\$ -
Special Education Preschool Grants July 1, 2018-June 30, 2019	84.173	2019-181729-IDEA-PS-347	-	-	7,470	7,470	-
<b>Total Special Education Cluster (IDEA)</b>			<b>58,607</b>	<b>112,012</b>	<b>171,894</b>	<b>118,489</b>	<b>-</b>
U.S. DEPARTMENT OF EDUCATION (Continued)							
Wisconsin Department of Public Instruction							
Title I Grants to Local Educational Agencies July 1, 2018-June 30, 2019	84.010	2019-181729-TIA -141	826	88,440	87,614	-	-
Improving Teacher Quality State Grants July 1, 2018-June 30, 2019	84.367	2019-181729-TIIA- 365	-	17,013	17,013	-	-
Student Support and Academic Enrichment Grants July 1, 2018-June 30, 2019	84.424	2019-181729-TIVA-381	976	12,593	11,617	-	-

# School District of Fall Creek

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount Provided to Subrecipients
CESA #10							
Career and Technical Education - Basic Grants to States July 1, 2018-June 30, 2019	84.048	2019-181729-CTE-400	\$ -	\$ 4,433	\$ 4,433	\$ -	-
Title III July 1, 2019 - June 30, 2019	84.365	2019-181729-TIIIA-391	\$ -	\$ 123	\$ 123	\$ -	-
TOTAL U.S. DEPARTMENT OF EDUCATION			60,409	234,614	292,694	118,489	-
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
CESA #10							
Medicaid Cluster:							
Medical Assistance Program July 1, 2018-June 30, 2019	93.778	N/A	40,885	93,339	78,028	25,574	-
TOTAL MEDICAID CLUSTER			40,885	93,339	78,028	25,574	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			40,885	93,339	78,028	25,574	-
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 103,700</b>	<b>\$ 467,119</b>	<b>\$ 511,000</b>	<b>\$ 147,581</b>	<b>\$ -</b>

See Independent Auditor's Report.

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Assistance.

# School District of Fall Creek

## Schedule of State Financial Assistance

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	State Identification Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount provided to Subrecipients
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Special Education and School Age Parents	255.101						
District Programs		181729-100	\$ -	\$ 160,166	\$ 160,166	\$ -	-
Participant in Package Program CESA #10		N/A	-	1,738	1,738	-	-
<b>Total Special Education and School Age Parents</b>			-	161,904	161,904	-	-
State School Lunch Aid	255.102	181729-107	-	3,312	3,312	-	-
Common School Fund Library Aid	255.103	181729-104	-	26,897	26,897	-	-
Gen Trans Aid for Public and NP Sch Pupils	255.107	181729-102	-	26,945	26,945	-	-
Wisconsin School Day Milk Program	255.115	181729-109	-	1,423	1,423	-	-
Equalization Aid	255.201	181729-116	91,438	5,359,866	5,358,033	89,605	-
High Cost Special Education	255.210	181729-119	-	3,272	3,272	-	-
Personal Electronic Computing Devices	255.296	181729-175	-	9,500	9,500	-	-
State School Breakfast Aid	255.344	181729-108	-	1,596	1,596	-	-
Early College Credit Program Reimbursement	255.445	181729-178	-	-	489	489	-
Educator Effective Eval Sys Grants Public	255.940	181729-154	-	-	4,320	4,320	-
Per Pupil Aid	255.945	181729-113	-	509,466	509,466	-	-
Career and Technical Education Incentive Grants	255.950	181729-171	-	12,000	12,000	-	-
Assessments of Reading Readiness	255.956	181729-166	-	1,491	1,491	-	-
Robotics League Participation Grants	255.959	181729-167	-	-	1,186	1,186	-
Aid for Special Education Transition Grant BBL	255.960	181729-168	-	6,000	6,000	-	-
School District of Mondovi							
Peer Review and Mentoring Grants	255.301	181729-141	2,277	2,277	-	-	-
<b>Total Wisconsin Department of Public Instruction</b>			93,715	6,125,949	6,127,834	95,600	-

# School District of Fall Creek

## Schedule of State Financial Assistance (Continued)

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	State Identification Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount provided to Subrecipients
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
CESA #10							
Chippewa Valley Youth Apprenticeship	20.445(7)(b)	N/A	\$ -	\$ 10,750	\$ 10,750	\$ -	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Payments in Lieu of Taxes	370.503	N/A	-	-	-	-	-
WISCONSIN DEPARTMENT OF JUSTICE							
School Safety Grant	455.206	N/A	-	4,551	4,551	-	-
<b>TOTAL State FINANCIAL ASSISTANCE</b>			<b>\$ 93,715</b>	<b>\$ 6,141,250</b>	<b>\$ 6,143,135</b>	<b>\$ 95,600</b>	<b>-</b>

See Independent Auditor's Report.

See accompanying notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

**School District of Fall Creek**  
**Notes to the Schedules of Expenditures of**  
**Federal Awards and State Financial Assistance**  
Year Ended June 30, 2019

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**Note 1: Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the District under programs of the federal and state government for the year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of the Wisconsin Department of Public Instruction. 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. Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 2: Summary of Significant Accounting Policies**

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3: Special Education and School Age Parents Program**

2018-2019 eligible costs under the State Special Education Program are \$661,671.

# Other Reports

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Education  
School District of Fall Creek  
Fall Creek, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Fall Creek (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 11, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness and another that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: 2019-002.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: 2019-001.

## **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*.

## **Responses to Findings**

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

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

Wipfli LLP

November 11, 2019  
Eau Claire, Wisconsin



## **Independent Auditor's Report on Compliance for Each Major State Program and on Internal Control Over Compliance**

Board of Education  
School District of Fall Creek  
Fall Creek, Wisconsin

### **Report on Compliance for Each Major State Program**

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

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 the state programs with required procedures occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major State Program**

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 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 requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Wipfli LLP

November 11, 2019  
Eau Claire, Wisconsin

# School District of Fall Creek

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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### I. Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?   X   Yes        No

Significant deficiency(ies) identified?   X   Yes        None reported

Noncompliance material to the financial statements noted?        Yes   X   No

#### State Financial Assistance

Internal control over state major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiency(ies) identified?        Yes   X   None reported

Type of auditor's report issued on compliance for state major programs: Unmodified

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

Identification of state major program(s):

State I.D. Number	Name of State Major Program(s)
255.101	Special Education and School Age Parents
255.201	General Equalization

# School District of Fall Creek

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

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### II. Financial Statement Findings

#### 2019-001: Segregation of Duties

Criteria - No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition - Incompatible functions are currently being performed by the same individual.

Cause - Limited staff available and inadequate compensating controls.

Effect - Decreased likelihood that unauthorized, false, or incorrectly coded transactions will be prevented, or detected and corrected, in a timely fashion, which may result in misstated financial statements.

Recommendation - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response - The District does not have the resources available to increase staff size and address this internal control deficiency. The Board and management are aware of the incompatible duties and will continue to provide oversight and monitor the District's operations. In addition, the Board reviews monthly cash disbursements and bank reconciliations.

# School District of Fall Creek

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

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### II. Financial Statement Findings (Continued)

#### 2019-002: Financial Accounting and Reporting

Criteria - The District is responsible for reporting financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP).

Condition - As part of our professional services for the year ended June 30, 2019, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause - The District does not expect, nor does it require, its financial staff to have the ability to prepare GAAP financial statements.

Effect - As a result of not having an individual trained in the preparation of GAAP basis financial statements, the completeness of the financial statement disclosures and the accuracy of the financial statement presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District as its own management.

Recommendation - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

### III. State Findings and Questioned Costs

None.

**School District of Fall Creek**  
**Schedule of Findings and Questioned Costs (Continued)**

Year Ended June 30, 2019

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**IV. Other Issues**

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

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

Department of Public Instruction	No
Department of Natural Resources	No
Department of Workforce Development	No
Department of Justice	No

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



Name of Partner

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Dan C. Walker, CPA

Date

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November 11, 2019



# School District of Fall Creek

## Summary Schedule of Prior Audit Findings

Year Ended June 30, 2019

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### Financial Statement Findings

2018-001: Segregation of Duties - See finding 2019-001.

2018-002: Financial Accounting and Reporting - See finding 2019-002.

### State Financial Assistance Findings and Questioned Costs

None.