

**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2020**

**SCHOOL DISTRICT OF REEDSBURG**  
TABLE OF CONTENTS  
JUNE 30, 2020

Page

3-5 Independent Auditors' Report

6-14 Management's Discussion and Analysis

**BASIC FINANCIAL STATEMENTS**

District-Wide Financial Statements

15 Statement of Net Position

16 Statement of Activities

Fund Financial Statements

17 Balance Sheet - Governmental Funds

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

19 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities

20-45 Notes to the Basic Financial Statements

**REQUIRED SUPPLEMENTARY INFORMATION**

46 Budgetary Comparison Schedule for the General Fund - Budget and Actual

47 Notes to Required Supplementary Information on Budgetary Accounting and  
Control

48 Wisconsin Retirement System Pension Schedules

49 Wisconsin Retirement System Local Retiree Life Insurance Fund Schedules

50 Supplemental Pension Defined Benefit Plan Schedules

51 OPEB Healthcare Defined Benefit Plan Schedules

**SUPPLEMENTARY INFORMATION**

52 Combining Balance Sheets - Nonmajor Governmental Funds

**SCHOOL DISTRICT OF REEDSBURG**  
TABLE OF CONTENTS - Continued  
JUNE 30, 2020

Page

**SUPPLEMENTARY INFORMATION - Continued**

53	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
54	Schedule of Expenditures of Federal Awards
55	Schedule of State Financial Assistance
56	Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

**OTHER REPORTS**

57-58	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>
59-60	Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and <i>State Single Audit Guidelines</i>
61-63	Schedule of Findings and Questioned Costs
64	Summary Schedule of Prior Audit Findings and Corrective Action Plan

**MEMBERS OF THE BOARD OF EDUCATION**

President	Gary Woolever
Vice President	Bruce Houtler
Treasurer	Neal Pulvermacher
Clerk	LuAnn Brey
Member	Gabe Bauer
Member	Alice Heckenbach
Member	Shaun Luther
District Administrator	Tom Benson
Associate District Administrator	Pat Ruddy
Accounting Specialist	Cindy Wilson



## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
School District of Reedsburg  
Reedsburg, 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 Reedsburg, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District of Reedsburg's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Reedsburg, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Wisconsin Retirement System pension schedules, Wisconsin Retirement System local retiree life insurance fund schedules, and OPEB healthcare defined plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Reedsburg's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020, on our consideration of the School District of Reedsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Reedsburg's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin  
November 20, 2020

**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# SCHOOL DISTRICT OF Reedsburg

501 K Street | Reedsburg, WI 53959 | (608) 524-2016 | [www.rsd.k12.wi.us](http://www.rsd.k12.wi.us)

## Management's Discussion and Analysis

As management of the School District of Reedsburg ("District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's basic financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

Total governmental activities revenue was \$41,418,686; including \$12,638,072 of property taxes, and \$21,496,010 of general state and federal aid. Total governmental activities expenditures were \$36,503,236; including \$21,580,045 for direct instruction.

The District's financial status, as reflected in total net position, increased by \$4,915,450.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

*Required supplementary information* further explains and supports the financial statements by including a comparison of the District's budget data for the year.

The major features of the District's financial statements, including the activities reported and the type of information contained is shown in the following table.



## Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net position. Statement of activities.	Balance Sheet. Statement of revenues, expenditures and changes in fund balance.	Statement of net position. Statement of changes in net position.
Basis of accounting and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting economic resources focus.
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; received during or soon after expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

## **DISTRICT-WIDE STATEMENTS**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of activities reports all revenues and expenses used to support the District. The statement of net position reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, food service, community programs and administration. Property taxes and state formula aid finance most of these activities.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has one kind of fund:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2020 compared to 2019. The District's combined net position increased by \$4,915,450. Specific causes of the increase are discussed later in this document.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2020</u>	<u>2019</u>	<u>2019 - 2020</u>
Current and other assets	\$ 20,690	\$ 21,409	-3.4%
Capital assets	<u>45,637</u>	<u>39,905</u>	14.4%
Total assets	<u><u>66,327</u></u>	<u><u>61,314</u></u>	8.2%
Deferred outflows of resources	<u>8,788</u>	<u>10,856</u>	-19.0%
Long-term liabilities			
outstanding	30,335	35,481	-14.5%
Other liabilities	<u>4,881</u>	<u>7,579</u>	-35.6%
Total liabilities	<u><u>35,216</u></u>	<u><u>43,060</u></u>	-18.2%
Deferred inflows of resources	<u>11,740</u>	<u>6,165</u>	90.4%
Net position:			
Net investment in capital assets	18,732	17,833	5.0%
Restricted	6,993	5,582	25.3%
Unrestricted	<u>2,435</u>	<u>(469)</u>	619.2%
Total net position	<u><u>\$ 28,160</u></u>	<u><u>\$ 22,946</u></u>	22.7%

Note: Totals may not add due to rounding.

<b>Table 2</b>			
<b>Changes in Net Position</b>			
(in thousands of dollars)			
	Governmental Activities		Total % Change
	2020	2019	2019 - 2020
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 575	\$ 1,963	-70.7%
Operating grants and contributions	4,578	4,865	-5.9%
Capital grants and contributions	345	-	N/A
General revenues			
Property taxes	12,638	12,633	0.0%
State and federal aid	21,496	16,271	32.1%
Other	1,787	2,810	-36.4%
Total revenues	<u>41,419</u>	<u>38,542</u>	7.5%
<b>Expenses</b>			
Instruction	21,580	20,704	4.2%
Pupil and instructional services	3,574	3,344	6.9%
Administration and business	6,994	12,052	-42.0%
Interest on debt	936	874	7.1%
Other	3,419	4,507	-24.1%
Total expenses	<u>36,503</u>	<u>41,481</u>	-12.0%
Change in net position	4,915	(2,939)	267.2%
Net position - beginning of year	22,946	25,885	-11.4%
Change in accounting principle	298	-	N/A
Net position - end of year	<u>\$ 28,160</u>	<u>\$ 22,946</u>	22.7%
Note: Totals may not add due to rounding.			

Table 2 provides summarized operating results and their impact on net position.

The District relies primarily on state and federal aids (52%) and property taxes (31%) to fund governmental activities. These two funding sources make up 83% of the total revenues.

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

**Table 3**  
**Net Cost of Governmental Activities**  
(in thousands of dollars)

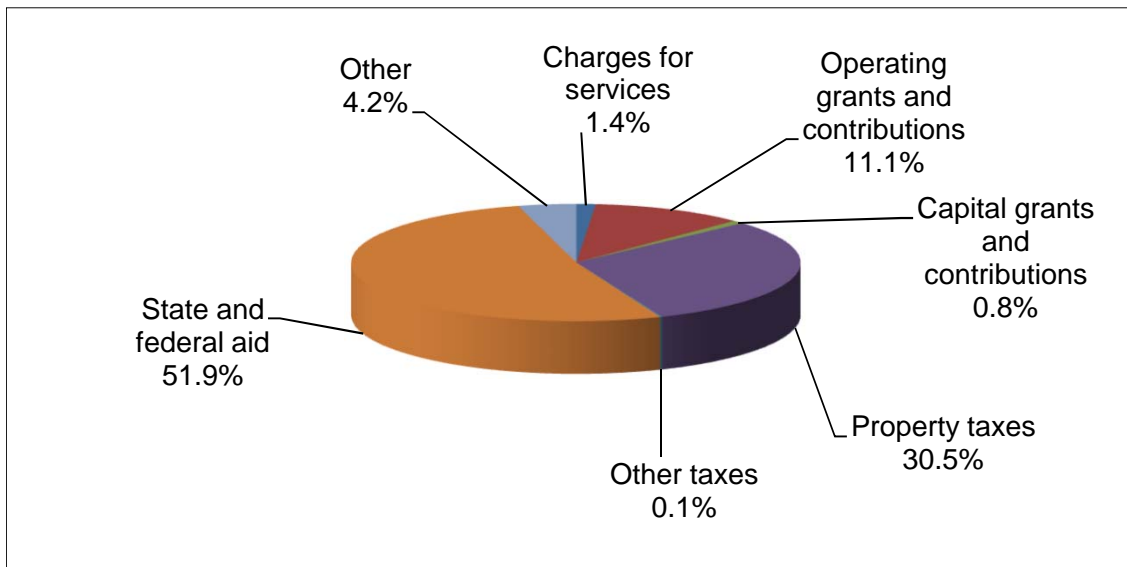
	Net Cost of Services		Total % Change
	2020	2019	2019 - 2020
Instruction	\$ 18,192	\$ 15,486	17.5%
Pupil and instructional services	3,442	3,236	6.4%
Administration and business	5,027	10,566	-52.4%
Interest on debt	936	874	7.1%
Other	3,408	4,491	-24.1%
<b>Total</b>	<b>\$ 31,005</b>	<b>\$ 34,653</b>	<b>-10.5%</b>

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$36,503,236. Individuals who directly participated or benefited from a program offering paid for \$575,137 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$4,922,703. The net cost of governmental activities, \$31,005,396, was financed by general revenues of the District.

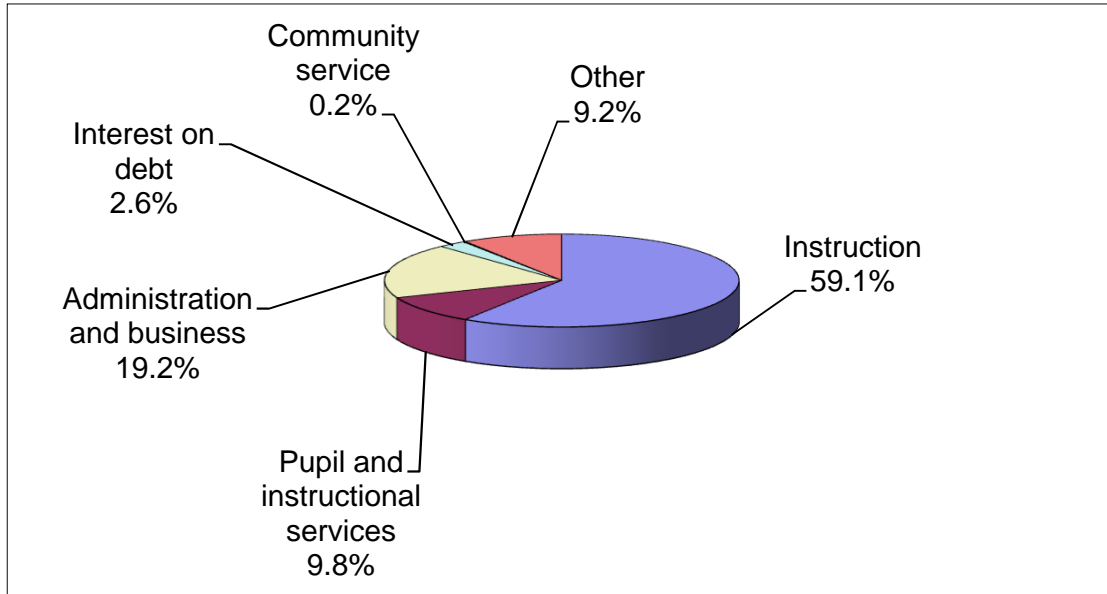
The composition of governmental revenues by type and expenditures by type are illustrated below.

**Governmental Activities Revenue by Type**  
**Chart 1**



Note: Totals may not add to 100% due to rounding.

**Governmental Activities Expenditure by Type**  
**Chart 2**



Note: Totals may not add to 100% due to rounding.

The District completed the year with a total governmental fund balance of \$12,258,899 down from last year's ending fund balance of \$14,075,558.

The general fund had an increase in fund balance of \$359,252.

The other capital project fund had a decrease in fund balance of \$2,975,671.

The other governmental funds had an increase in fund balance of \$501,754.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District reviews an interim budget in May for the subsequent year. Consistent with current state statutes and regulations an original budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District did not modify the original budget.

While the District's final budget for the general fund anticipated that expenses would exceed revenues by \$40,145 the actual results for the year show a \$359,252 increase.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2020, the District had invested \$72,483,896 in capital assets, including land, land improvements, buildings, and equipment (See Table 4). Total accumulated depreciation on these assets is \$26,846,737. Asset acquisitions for governmental activities totaled \$7,658,569. The District recognized depreciation expense of \$1,926,349 for governmental activities. Detailed information about capital assets can be found in Note 3 to the financial statements.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2020</u>	<u>2019</u>	<u>2019 - 2020</u>
Land	\$ 1,755	\$ 1,755	0.0%
Buildings	59,622	32,501	83.4%
Equipment	10,642	8,000	33.0%
Construction in progress	465	22,569	-97.9%
Accumulated depreciation	<u>(26,847)</u>	<u>(24,920)</u>	7.7%
Total	<u>\$ 45,637</u>	<u>\$ 39,905</u>	14.4%

Note: Totals may not add due to rounding.

### Long-Term Obligations

At year-end, the District had \$30,334,777 in bonds, notes payable, and other long-term debt outstanding - an decrease of 15% from last year (see Table 5). Detailed information about the District's long-term obligations are presented in Note 4 to the financial statements.

**Table 5**  
**Outstanding Long-Term Obligations**  
*(in thousands of dollars)*

	Total		Total % Change
	2020	2019	2019 - 2020
General obligation debt	\$ 27,700	\$ 28,785	-3.8%
Other	2,635	6,696	-60.6%
Total	<u>\$ 30,335</u>	<u>\$ 35,481</u>	-14.5%

Note: Totals may not add due to rounding.

The District retired \$1,085,000 of bonds and notes payable during the year and other transactions decreased total debt by \$5,055,749.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

**FACTORS BEARING ON THE DISTRICT’S FUTURE**

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

The State of Wisconsin has an open enrollment law that allows students to attend school districts of their choice with few restrictions. The state adjusts each district’s general aid payment based on the number of students who transfer. This year 164 non-resident open enrollment students attended the School District of Reedsburg with 160 School District of Reedsburg students attending other schools through the open enrollment program. The number of incoming students exceeds outgoing students by 4. It is important for the District to maintain the quality of instruction and physical property to remain competitive in the open enrollment environment.

Enrollment decreased for the 2019 - 2020 school year by 7 students.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information contact Patrick Ruddy, Associate District Administrator and Director of Business Services & Human Resources, School District of Reedsburg, 501 K Street, Reedsburg, WI 53959-1825. Telephone: (608)524-2016 ext. 2004.



**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**BASIC  
FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**DISTRICT-WIDE  
FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF REEDSBURG**

STATEMENT OF NET POSITION

JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and investments	\$ 11,423,044
Receivables	
Taxes	3,867,196
Due from other governments	1,552,703
Inventories	55,851
Wisconsin Retirement System net pension	3,791,077
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	2,220,050
Capital assets being depreciated	<u>43,417,109</u>
<b>TOTAL ASSETS</b>	<u><b>66,327,030</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Wisconsin Retirement System pension	8,191,844
Wisconsin Retirement System LRLIF	528,674
OPEB healthcare	<u>67,842</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>8,788,360</b></u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u><b>75,115,390</b></u></u>
<b>LIABILITIES</b>	
Accounts payable	466,089
Self insurance claims payable	17,052
Accrued liabilities	
Payroll, payroll taxes, insurance	3,979,672
Interest	240,867
Due to other governments	15,077
Deposits payable	53,951
Unearned revenue	108,054
Current portion of long-term obligations	1,430,624
Noncurrent portion of long-term obligations	<u>28,904,153</u>
<b>TOTAL LIABILITIES</b>	<u><b>35,215,539</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Wisconsin Retirement System pension	11,366,477
Wisconsin Retirement System LRLIF	191,482
OPEB healthcare	<u>182,199</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>11,740,158</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	18,731,783
Restricted for	
Special revenue	143,089
Debt service	1,205,175
Capital projects	1,791,724
Other activities	3,853,180
Unrestricted	<u>2,434,742</u>
<b>TOTAL NET POSITION</b>	<u><b>28,159,693</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u><b>\$ 75,115,390</b></u></u>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction					
Regular instruction	\$ 12,580,570	\$ 66,983	\$ -	\$ -	\$ (12,513,587)
Vocational instruction	1,394,078	14,153	-	-	(1,379,925)
Special instruction	5,341,446	-	2,705,795	-	(2,635,651)
Other instruction	2,263,951	89,520	511,287	-	(1,663,144)
Total instruction	<u>21,580,045</u>	<u>170,656</u>	<u>3,217,082</u>	<u>-</u>	<u>(18,192,307)</u>
Support services					
Pupil services	1,632,803	-	-	-	(1,632,803)
Instructional staff services	1,940,764	-	131,499	-	(1,809,265)
General administration services	455,946	-	-	-	(455,946)
Building administration services	1,955,240	-	-	-	(1,955,240)
Business services	4,583,305	393,472	1,229,122	345,000	(2,615,711)
Central services	309,161	-	-	-	(309,161)
Insurance	185,849	-	-	-	(185,849)
Interest and other	935,826	-	-	-	(935,826)
Other support services	525,053	-	-	-	(525,053)
Community services	73,696	11,009	-	-	(62,687)
Total support services	<u>12,597,643</u>	<u>404,481</u>	<u>1,360,621</u>	<u>345,000</u>	<u>(10,487,541)</u>
Non-program transactions	2,325,548	-	-	-	(2,325,548)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 36,503,236</u></b>	<b><u>\$ 575,137</u></b>	<b><u>\$ 4,577,703</u></b>	<b><u>\$ 345,000</u></b>	<b><u>(31,005,396)</u></b>

**General revenues**

Taxes	
Property taxes	12,638,072
Other taxes	57,597
State and federal aids not restricted to specific functions	21,496,010
Interest and investment earnings	142,006
Miscellaneous	1,587,161
Total general revenues	<u>35,920,846</u>

CHANGE IN NET POSITION	4,915,450
NET POSITION - BEGINNING OF YEAR	22,946,237
CHANGE IN ACCOUNTING PRINCIPLE	298,006
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 28,159,693</u></b>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**FUND  
FINANCIAL STATEMENTS**

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

	GENERAL FUND	CAPITAL PROJECT FUND OTHER CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and investments	\$ 7,690,305	\$ 1,791,724	\$ 1,941,015	\$ 11,423,044
Receivables				
Taxes	3,867,196	-	-	3,867,196
Due from other governments	1,442,825	-	109,878	1,552,703
Inventories	55,851	-	-	55,851
<b>TOTAL ASSETS</b>	<b>13,056,177</b>	<b>1,791,724</b>	<b>2,050,893</b>	<b>16,898,794</b>
<b>LIABILITIES</b>				
Accounts payable	427,304	-	38,785	466,089
Self insurance claims payable	17,052	-	-	17,052
Accrued payroll liabilities	3,948,810	-	30,862	3,979,672
Due to other governments	14,958	-	119	15,077
Deposits payable	53,951	-	-	53,951
Unearned revenue	-	-	108,054	108,054
<b>TOTAL LIABILITIES</b>	<b>4,462,075</b>	<b>-</b>	<b>177,820</b>	<b>4,639,895</b>
<b>FUND BALANCES</b>				
Nonspendable	55,851	-	-	55,851
Restricted	62,103	1,791,724	1,348,264	3,202,091
Committed	1,000,000	-	-	1,000,000
Assigned	-	-	524,809	524,809
Unassigned	7,476,148	-	-	7,476,148
<b>TOTAL FUND BALANCES</b>	<b>8,594,102</b>	<b>1,791,724</b>	<b>1,873,073</b>	<b>12,258,899</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,056,177</b>	<b>\$ 1,791,724</b>	<b>\$ 2,050,893</b>	

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

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

Governmental capital asset	\$ 72,483,896	
Governmental accumulated depreciation	<u>(26,846,737)</u>	45,637,159

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

953,636

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

(114,357)

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

General obligation debt	\$ (28,697,100)	
Accrued interest	(240,867)	
WRS liability	(1,222,553)	
Vested employee benefits	(62,821)	
Net OPEB obligation	<u>(352,303)</u>	<u>(30,575,644)</u>

**Total net position - governmental activities**

**\$ 28,159,693**

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>CAPITAL PROJECT FUND</u>		<u>TOTAL</u>	
	<u>GENERAL FUND</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>				
Property taxes	\$ 10,220,669	\$ -	\$ 2,475,000	\$ 12,695,669
Other local sources	249,908	122,174	860,331	1,232,413
Interdistrict sources	1,386,300	-	-	1,386,300
Intermediate sources	135,582	-	-	135,582
State sources	22,275,946	-	25,420	22,301,366
Federal sources	2,396,430	-	1,078,948	3,475,378
Other sources	174,085	-	3,452	177,537
<b>TOTAL REVENUES</b>	<b><u>36,838,920</u></b>	<b><u>122,174</u></b>	<b><u>4,443,151</u></b>	<b><u>41,404,245</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>Instruction</b>				
Regular instruction	12,726,087	-	-	12,726,087
Vocational instruction	1,401,955	-	-	1,401,955
Special instruction	5,414,928	-	-	5,414,928
Other instruction	1,736,709	-	460,073	2,196,782
<b>Total instruction</b>	<b><u>21,279,679</u></b>	<b><u>-</u></b>	<b><u>460,073</u></b>	<b><u>21,739,752</u></b>
<b>Support services</b>				
Pupil services	1,657,032	-	-	1,657,032
Instructional staff services	1,686,457	-	-	1,686,457
General administration services	453,521	-	-	453,521
Building administration services	1,981,282	-	-	1,981,282
Business services	4,803,020	528,001	1,308,830	6,639,851
Central services	194,005	-	238	194,243
Insurance	185,849	-	-	185,849
Other support services	221,620	-	-	221,620
Community services	-	-	63,288	63,288
<b>Total support services</b>	<b><u>11,182,786</u></b>	<b><u>528,001</u></b>	<b><u>1,372,356</u></b>	<b><u>13,083,143</u></b>
Non-program transactions	2,325,548	-	-	2,325,548
<b>Debt service</b>				
Principal	40,065	-	1,085,000	1,125,065
Interest	582	-	996,019	996,601
<b>Total debt service</b>	<b><u>40,647</u></b>	<b><u>-</u></b>	<b><u>2,081,019</u></b>	<b><u>2,121,666</u></b>
Capital outlay	1,672,994	2,569,844	20,404	4,263,242
<b>TOTAL EXPENDITURES</b>	<b><u>36,501,654</u></b>	<b><u>3,097,845</u></b>	<b><u>3,933,852</u></b>	<b><u>43,533,351</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b><u>337,266</u></b>	<b><u>(2,975,671)</u></b>	<b><u>509,299</u></b>	<b><u>(2,129,106)</u></b>
<b>OTHER FINANCING (USES) SOURCES</b>				
Net transfer (to) from other funds	7,545	-	(7,545)	-
Sale of capital assets	14,441	-	-	14,441
<b>TOTAL OTHER FINANCING (USES) SOURCES</b>	<b><u>21,986</u></b>	<b><u>-</u></b>	<b><u>(7,545)</u></b>	<b><u>14,441</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>359,252</b>	<b>(2,975,671)</b>	<b>501,754</b>	<b>(2,114,665)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>8,234,850</b>	<b>4,767,395</b>	<b>1,073,313</b>	<b>14,075,558</b>
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	<b>-</b>	<b>-</b>	<b>298,006</b>	<b>298,006</b>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 8,594,102</u></b>	<b><u>\$ 1,791,724</u></b>	<b><u>\$ 1,873,073</u></b>	<b><u>\$ 12,258,899</u></b>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG**

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

Net change in fund balances - total governmental funds \$ (2,114,665)

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

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

Capital outlay reported in fund statements	\$	4,263,242	
Capital outlay reported as other expenses in fund statements		3,395,327	
Depreciation expense reported in the statement of activities		<u>(1,926,349)</u>	
Amount by which capital outlays are greater than depreciation in the current period:			5,732,220

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

This year the accrual of these benefits increased by: (5,871)

Wisconsin Retirement System asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (114,971)

Wisconsin Retirement System LRLIF asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (99,469)

OPEB supplemental pension deferred outflows of resources, liability, and deferred inflows of resources changes: 124,062

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: 208,304

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

Amount of long-term debt principal payments in the current year is: 1,125,065

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.

Amount of interest and other debt costs paid during the current period is	\$	996,601	
Amount of interest and other debt costs accrued during the current period is		<u>(935,826)</u>	
Interest paid is greater than interest accrued by:			<u>60,775</u>

**Change in net position - governmental activities \$ 4,915,450**

The accompanying notes are an integral part of these statements.



**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

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

**NOTE 1 - Summary of Significant Accounting Policies**

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

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

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

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

**Basis of Presentation**

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental 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 of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

Fund Financial Statements

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

The District reports the following major governmental funds:

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

Other Capital Projects 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.

**Measurement Focus and Basis of Accounting**

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

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

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general 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.

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

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

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

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

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

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

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

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

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

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

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

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

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

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

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

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

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

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

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

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

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

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

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

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

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

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

through its Fund Balance policy and 5) unassigned fund balance consists of equity available for any purpose.

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

**NOTE 2 - Cash and Investments**

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

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

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Wisconsin Investment Series Cooperative	Less than one year	\$ 1,791,724

**Determining Fair Value** - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements:

- 1) Wisconsin Investment Series Cooperative is determined based on published market quotations (level 1 inputs).

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

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

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

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

**NOTE 2 - Cash and Investments - Continued**

**Custodial Credit Risk** - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does not have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2020, \$2,000,000 of the District's bank balance of \$9,757,740 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government or municipal securities held by the bank in the bank's name and a letter of credit. \$6,841,178 was uninsured and uncollateralized.

**NOTE 3 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,754,957	\$ -	\$ -	\$ 1,754,957
Construction in progress	<u>22,569,467</u>	<u>465,093</u>	<u>(22,569,467)</u>	<u>465,093</u>
Total capital assets not being depreciated	<u>24,324,424</u>	<u>465,093</u>	<u>(22,569,467)</u>	<u>2,220,050</u>
Capital assets being depreciated:				
Buildings and improvements	32,501,159	27,121,158	-	59,622,317
Equipment	<u>7,999,744</u>	<u>2,641,785</u>	<u>-</u>	<u>10,641,529</u>
Total capital assets being depreciated	<u>40,500,903</u>	<u>29,762,943</u>	<u>-</u>	<u>70,263,846</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,059,008)	(1,476,888)	-	(19,535,896)
Equipment	<u>(6,861,380)</u>	<u>(449,461)</u>	<u>-</u>	<u>(7,310,841)</u>
Total accumulated depreciation	<u>(24,920,388)</u>	<u>(1,926,349)</u>	<u>-</u>	<u>(26,846,737)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>15,580,515</u>	<u>27,836,594</u>	<u>-</u>	<u>43,417,109</u>
Capital assets, net of accumulated depreciation	<u>\$ 39,904,939</u>	<u>\$ 28,301,687</u>	<u>\$ (22,569,467)</u>	<u>\$ 45,637,159</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 4,374
Vocational instruction	7,255
Other instruction	70,832
General administration services	4,098
Business services	1,765,741
Central services	65,785
Community services	<u>8,264</u>
Total	<u>\$ 1,926,349</u>



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

**NOTE 4 - Long-Term Obligations**

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds payable	\$ 28,785,000	\$ -	\$ (1,085,000)	\$ 27,700,000	\$ 1,115,000
Leases - direct placement	40,065	-	(40,065)	-	-
Premium	1,053,262	-	(56,162)	997,100	56,163
Vested vacation pay	56,950	5,871	-	62,821	62,821
Wisconsin Retirement System					
Net pension liability	4,161,009	-	(4,161,009)	-	-
LRLIF	724,946	497,607	-	1,222,553	-
OPEB supplemental pension	175,771	10,259	(134,321)	51,709	13,500
OPEB healthcare	<u>483,734</u>	<u>31,771</u>	<u>(214,911)</u>	<u>300,594</u>	<u>183,140</u>
Total	<u>\$ 35,480,737</u>	<u>\$ 545,508</u>	<u>\$ (5,691,468)</u>	<u>\$ 30,334,777</u>	<u>\$ 1,430,624</u>

In prior years, the general and food service funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$935,826 and total paid during the year aggregated \$996,601 and \$581 for capital leases.

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

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	12/20/17	3%	4/1/37	\$ 7,125,000
Bonds	5/30/18	3-5%	4/1/38	<u>20,575,000</u>
Total				<u>\$ 27,700,000</u>

**General Obligation Debt Limit Calculation** - The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,518,800,811. The legal debt limit and margin of indebtedness as of June 30, 2020, in accordance with Section 67.03(1) (b) of the Wisconsin Statutes follows:

Debt limit (10 percent of \$1,518,800,811)	\$ 151,880,081
Applicable long-term debt	(27,700,000)
Amount available in debt service fund	<u>1,205,175</u>
Margin of indebtedness	<u>\$ 125,385,256</u>

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

**NOTE 4 - Long-term Obligations - Continued**

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

Year Ending	Bonds		Total
	Principal	Interest	
June 30			
2021	\$ 1,115,000	\$ 963,469	\$ 2,078,469
2022	1,155,000	930,019	2,085,019
2023	1,200,000	887,269	2,087,269
2024	1,240,000	842,819	2,082,819
2025	1,280,000	805,619	2,085,619
2026-2030	7,245,000	3,230,594	10,475,594
2031-2035	8,580,000	1,869,894	10,449,894
2036-2038	5,885,000	408,950	6,293,950
	<u>\$ 27,700,000</u>	<u>\$ 9,938,633</u>	<u>\$ 37,638,633</u>

**NOTE 5 - Wisconsin Retirement System Pension**

**General Information about the Pension Plan**

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

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

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

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the

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

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

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

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

**Contributions** - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives 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 \$1,238,725 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

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

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

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

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

At June 30, 2020, the District reported a liability (asset) of (\$3,791,077) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.11757259%, which was an increase of 0.00061429% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,412,219.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,196,330	\$ 3,601,282
Net differences between projected and actual earnings on pension plan investments	-	7,750,310
Changes in assumptions	295,428	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,455	14,885
Employer contributions subsequent to the measurement date	692,631	-
Total	\$ 8,191,844	\$ 11,366,477

\$692,631 reported as deferred outflows of resources related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Pension will be recognized in pension expense as follows:

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

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ (1,153,020)
2022	(858,052)
2023	135,994
2024	(1,992,186)
Thereafter	-

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

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

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

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

Asset Allocation Targets and Expected Returns  
As of December 31, 2019

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

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

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

**Single Discount Rate** - A single discount rate of 7% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
District's proportionate share of the net pension liability (asset)	\$ 9,762,700	\$ (3,791,077)	\$ (13,924,084)

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

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

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

**Payables to the Pension Plan** - The District reported a payable of \$228,421 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund**

**General Information about the Other Post Employment Benefits**

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

**OPEB Plan Fiduciary Net Position** - ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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

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

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

Contribution rates as of June 30, 2020 are:

Coverage Type	Employer Contribution
50% post retirement coverage	40% of employee contribution
25% post retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

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

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$5,190 in contributions from the employer.

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

At June 30, 2020, the District reported a liability (asset) of \$1,222,553 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.287106%, which was an increase of 0.006156% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$139,117.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 54,769
Net differences between projected and actual earnings on OPEB plan investments	23,062	-
Changes in assumption	451,005	134,472
Changes in proportion and differences between employer contributions and proportionate share of contributions	54,607	2,241
Employer contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 528,674</b>	<b>\$ 191,482</b>

Zero was reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred



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

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

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

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ 58,353
2022	58,353
2023	55,866
2024	53,305
Thereafter	111,315

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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

Local OPEB Life Insurance  
 Asset Allocation Targets and Expected Returns  
 As of December 31, 2019

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

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Credit Bonds	Barclays Credit	45	2.12
US Long Credit Bonds	Barclays Long Credit	5	2.9
US Mortgages	Barclays MBS	50	1.53
Inflation			2.2
Long-term Expected Rate of Return			4.25

The long-term expected rate of return decreased slightly from 5% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.3% in the prior year to 2.2% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

**Single Discount Rate** - A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.1% as of December 31, 2018 to 2.74% as of December 31, 2019. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
District's proportionate share of the net OPEB liability (asset)	\$ 1,688,141	\$ 1,222,553	\$ 868,331

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

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

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

**NOTE 7 - Supplemental Pension Defined Benefit Plan**

**General Information about the Supplemental Pension Plan**

**Plan Description** - The supplemental pension is a single employer defined benefit pension plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

**Benefits Provided** - The benefit of active administrators is based on a minimum of 10 consecutive years of service in the District and having reached the age of 50 on December 31 of the school year when the benefit is to be received will receive \$13,500 into a 403(b) while employed for a maximum of 8 years or until employment ends, whichever occurs first. The benefit for teachers is based on a minimum 20 years of service in the District, having attained the age of 55 by June 30 in the year they retire. Eligible teachers will receive a \$24,000 benefit paid into a 403(b) in the month of June at the time of their retirement. Benefit terms do not provide annual cost of living adjustments subsequent to the employee's retirement date.

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

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>6</u>
Total	<u><u>11</u></u>

**Contributions** - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2020, contribution rates for plan members was \$0 per participant per year and \$13,500 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$0 and the District contributed \$13,500 to the plan.

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

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

**NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued**

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	2.25%
Salary Increases:	2%
Mortality:	Wisconsin 2012 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The net supplemental pension liability for June 30, 2020 is based upon an update of the liability calculated from the June 30, 2018 actuarial valuation. A change in discount rate to 2.25% from 3.5% occurred between the actuarial valuation date and the measurement date.

**Discount Rate** - A discount rate of 2.25% was used to measure the total supplemental pension liability. This discount rate was based upon all years of projected payments discounted at a municipal bond rate of 2.25%. The projection of cash flows used to determine the discount rate assumed the 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 plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total supplemental pension liability.

**Changes in the Net Supplemental Pension Liability**

	<u>Increase (Decrease)</u>
	<u>Net Pension Liability</u>
Beginning balance	\$ 175,771
Changes for the year:	
Service cost	6,332
Interest	3,927
Changes of assumptions or other input	(821)
Benefit payments, including refunds of employee contributions	<u>(133,500)</u>
Net changes	<u>(124,062)</u>
Ending balance	<u><u>51,709</u></u>

**Sensitivity of the Net Supplemental Pension Liability to Changes in the Discount Rate -**

The following presents the total supplemental pension liability calculated using the discount rate of 2.25 percent, as well as what the total supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

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

**NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued**

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total supplemental pension liability	\$ 50,932	\$ 51,709	\$ 52,381

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

For the year ended June 30, 2020, the District recognized pension expense of \$9,438.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in assumptions	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ -	\$ -

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

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	\$ -

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

**NOTE 8 - Interfund Balance and Activity**

Interfund transfers at June 30, 2020 were as follows:

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

**NOTE 8 - Interfund Balance and Activity - Continued**

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Community service	General	<u>\$ 7,545</u>

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 9 - Post Employment Benefits Other Than Pensions**

**General Information about the Post Employment Benefits Other Than Pensions**

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

**Benefits Provided** - There is one administrator eligible for other post employment benefits. The maximum monthly medical premium contributed by the district is \$1,472 and ends 9/30/2024.

Eligible teacher retirees receive District contributions towards medical premiums, annual HRA contributions for a period of 8 years for those retired in 2011 or prior or 7 years for those retired in 2012 and after or Medicare eligibility. Effective July 1, 2015 the post employment health insurance benefit for teachers ended. Starting with the 2015-16 school year teachers were eligible for a Tax Sheltered Annuity (TSA) contribution.

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

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>300</u>
Total	<u>333</u>

**Contributions** - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums. For the year ended June 30, 2020, contribution rates for Plan members were \$37-105 per participant per month and \$744 - \$1,638 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$23,947 and the District contributed \$174,354 to the plan.

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

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

**NOTE 9 - Post Employment Benefits Other Than Pensions - Continued**

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	2.25%
Salary Increases:	3%
Mortality:	Wisconsin 2015 Mortality Table
Medical Care Cost Trend:	2.9% in the first year, then 7% decreasing by .5% per year to 6.5%, then by .1% per year to 5%, and level thereafter

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2018. Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System experience from 2012 - 2014.

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

**Discount Rate** - A discount rate of 2.25% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

**Changes in the Total OPEB Healthcare Liability**

	<u>Increase (Decrease)</u>
	<u>Total OPEB Healthcare Liability</u>
Beginning balance	<u>\$ 483,734</u>
Changes for the year:	
Service cost	8,208
Interest	13,313
Changes of assumptions or other input	10,250
Benefit payments	<u>(214,911)</u>
Net changes	<u>(183,140)</u>
Ending balance	<u>\$ 300,594</u>

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

**NOTE 9 - Post Employment Benefits Other Than Pensions - Continued**

**Sensitivity of the Total OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate** - The following presents the total OPEB healthcare liability calculated using the healthcare cost trend rate of 2.9 percent in first year, then 7 percent decreasing to 5 percent, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (1.9 percent in first year, then 6 percent decreasing to 4 percent) or 1-percentage-point higher (3.9 percent in first year, then 8 percent decreasing to 6 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (1.9% in first year, then 6% decreasing to 4%)	Current Healthcare Cost Rate (2.9% in first year, then 7% decreasing to 5%)	1% Increase to Healthcare Cost Rate (3.9% in first year, then 8% decreasing to 6%)
Total OPEB healthcare liability	\$ 285,718	\$ 300,594	\$ 317,656

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

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total OPEB healthcare liability	\$ 308,940	\$ 300,594	\$ 292,374

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

For the year ended June 30, 2020, the District recognized OPEB healthcare expense of \$6,607.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 180,893
Net differences between projected and actual earnings on pension plan investments	-	1,306
Changes in assumptions	67,842	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 67,842	\$ 182,199

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



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

**NOTE 9 - Post Employment Benefits Other Than Pensions - Continued**

Year ending June 30	Deferred Outflows and Inflows of Resources
2021	\$ (14,914)
2022	(14,912)
2023	(14,260)
2024	(14,260)
2025	(14,260)
Thereafter	\$ (41,751)

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

**NOTE 10 - Fund Balance and Net Position**

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

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepays	\$ 55,851
Restricted		
General	Self-insurance	\$ 60,000
General	Common school fund	\$ 2,103
Food service	DPI regulation	\$ 143,089
Referendum debt service	Principal and interest	\$ 1,205,175
Other capital projects	DPI regulation	\$ 1,791,724
Committed		
General	Specific expenses	\$ 1,000,000
Assigned		
Special revenue trust	Specific expenses	\$ 349,220
Community service	Specific expenses	\$ 175,589
 <u>Governmental Activities</u>		
Restricted		
Special revenue	DPI regulation	\$ 143,089
Debt service	Principal and interest	\$ 1,205,175
Capital projects	DPI regulation	\$ 1,791,724
Other activities	Self-insurance	\$ 60,000
Other activities	Common school fund	\$ 2,103
Other activities	Wisconsin Retirement System pension	\$ 3,791,077

**NOTE 11 - Risk Management**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance. Settled

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

**NOTE 11 - Risk Management - Continued**

claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

**NOTE 12 - Commitments and Contingencies**

The District has a service agreement with Cooperative Education Service Agency #5 for services to be provided to the District in 2020-2021. Expected costs are \$579,772.

On June 2020, the District had entered into an estimated \$2,887,444 construction contract for a fitness center. There is \$2,574,655 remaining to be completed on this contract.

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

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

**NOTE 13 - Limitation of School District Revenue**

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

**NOTE 14 - Self-Funded Insurance**

The District established a self-funded insurance plan for its employees. The Plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for an administrative fee. The Plan reports on a fiscal year ending June 30, 2020.

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

The District has reported a liability of \$17,052, which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. Changes in the claims liability for the year ended June 30, 2020 are as follows:

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

**NOTE 14 - Self-Funded Insurance - Continued**

	Year Ended <u>June 30, 2020</u>
Beginning liability balance	\$ 31,105
Claims and changes in estimates	254,313
Claim payments	<u>(268,366)</u>
Ending liability balance	<u>\$ 17,052</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the dental plan.

**NOTE 15 - Change in Accounting Principle**

The change in accounting principle adjustment of \$298,006 on the statement of change in net position - fiduciary funds is due to the adoption of Governmental Accounting Standards Board Statements No. 84 *Fiduciary Activities*.

**NOTE 16 - Coronavirus (COVID-19)**

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

**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH
	GENERAL	SPECIAL		GENERAL	SPECIAL		GENERAL	SPECIAL		FINAL BUDGET POSITIVE (NEGATIVE)
		EDUCATION	TOTAL		EDUCATION	TOTAL		EDUCATION	TOTAL	
<b>REVENUES</b>										
Property taxes	\$ 10,222,092	\$ -	\$ 10,222,092	\$ 10,222,092	\$ -	\$ 10,222,092	\$ 10,220,669	\$ -	\$ 10,220,669	\$ (1,423)
Other local sources	358,570	-	358,570	358,570	-	358,570	249,908	-	249,908	(108,662)
Interdistrict sources	1,330,242	-	1,330,242	1,330,242	-	1,330,242	1,386,300	-	1,386,300	56,058
Intermediate sources	4,800	92,000	96,800	4,800	92,000	96,800	6,080	129,502	135,582	38,782
State sources	20,750,313	1,469,072	22,219,385	20,750,313	1,469,072	22,219,385	20,789,836	1,486,110	22,275,946	56,561
Federal sources	1,033,814	1,685,960	2,719,774	1,033,814	1,685,960	2,719,774	1,306,247	1,090,183	2,396,430	(323,344)
Other sources	153,667	-	153,667	153,667	-	153,667	174,085	-	174,085	20,418
<b>TOTAL REVENUES</b>	<b>33,853,498</b>	<b>3,247,032</b>	<b>37,100,530</b>	<b>33,853,498</b>	<b>3,247,032</b>	<b>37,100,530</b>	<b>34,133,125</b>	<b>2,705,795</b>	<b>36,838,920</b>	<b>(261,610)</b>
<b>EXPENDITURES</b>										
Current										
Instruction										
Regular instruction	12,881,915	37,136	12,919,051	12,881,915	37,136	12,919,051	12,726,087	-	12,726,087	192,964
Vocational instruction	1,413,645	-	1,413,645	1,413,645	-	1,413,645	1,401,955	-	1,401,955	11,690
Special instruction	-	6,010,556	6,010,556	-	6,010,556	6,010,556	-	5,414,928	5,414,928	595,628
Other instructor	1,843,769	-	1,843,769	1,843,769	-	1,843,769	1,736,709	-	1,736,709	107,060
Total instruction	16,139,329	6,047,692	22,187,021	16,139,329	6,047,692	22,187,021	15,864,751	5,414,928	21,279,679	907,342
Support services										
Pupil services	269,002	1,447,738	1,716,740	269,002	1,447,738	1,716,740	208,906	1,448,126	1,657,032	59,708
Instructional staff services	1,432,570	313,147	1,745,717	1,432,570	313,147	1,745,717	1,367,397	319,060	1,686,457	59,260
General administration services	441,490	-	441,490	441,490	-	441,490	453,521	-	453,521	(12,031)
Building administration services	1,947,865	-	1,947,865	1,947,865	-	1,947,865	1,981,282	-	1,981,282	(33,417)
Business services	4,863,856	126,891	4,990,747	4,863,856	126,891	4,990,747	4,699,319	103,701	4,803,020	187,727
Central services	207,944	5,000	212,944	207,944	5,000	212,944	194,005	-	194,005	18,939
Insurance	309,000	-	309,000	309,000	-	309,000	185,849	-	185,849	123,151
Other support services	275,427	-	275,427	275,427	-	275,427	221,620	-	221,620	53,807
Total support services	9,747,154	1,892,776	11,639,930	9,747,154	1,892,776	11,639,930	9,311,899	1,870,887	11,182,786	457,144
Non-program transactions	1,650,135	498,242	2,148,377	1,650,135	498,242	2,148,377	1,704,407	621,141	2,325,548	(177,171)
Debt service										
Principal	39,493	-	39,493	39,493	-	39,493	40,065	-	40,065	(572)
Interest	1,154	-	1,154	1,154	-	1,154	582	-	582	572
Total debt service	40,647	-	40,647	40,647	-	40,647	40,647	-	40,647	-
Capital outlay	1,120,917	4,676	1,125,593	1,120,917	4,676	1,125,593	1,672,994	-	1,672,994	(547,401)
<b>TOTAL EXPENDITURES</b>	<b>28,698,182</b>	<b>8,443,386</b>	<b>37,141,568</b>	<b>28,698,182</b>	<b>8,443,386</b>	<b>37,141,568</b>	<b>28,594,698</b>	<b>7,906,956</b>	<b>36,501,654</b>	<b>639,914</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,155,316</b>	<b>(5,196,354)</b>	<b>(41,038)</b>	<b>5,155,316</b>	<b>(5,196,354)</b>	<b>(41,038)</b>	<b>5,538,427</b>	<b>(5,201,161)</b>	<b>337,266</b>	<b>378,304</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfer (to) / from other funds	(5,451,868)	5,436,851	(15,017)	(5,451,868)	5,436,851	(15,017)	(5,193,616)	5,201,161	7,545	22,562
Sale of capital assets	15,910	-	15,910	15,910	-	15,910	14,441	-	14,441	(1,469)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,435,958)</b>	<b>5,436,851</b>	<b>893</b>	<b>(5,435,958)</b>	<b>5,436,851</b>	<b>893</b>	<b>(5,179,175)</b>	<b>5,201,161</b>	<b>21,986</b>	<b>21,093</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(280,642)</b>	<b>240,497</b>	<b>(40,145)</b>	<b>(280,642)</b>	<b>240,497</b>	<b>(40,145)</b>	<b>359,252</b>	<b>-</b>	<b>359,252</b>	<b>399,397</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>8,234,850</b>	<b>-</b>	<b>8,234,850</b>	<b>8,234,850</b>	<b>-</b>	<b>8,234,850</b>	<b>8,234,850</b>	<b>-</b>	<b>8,234,850</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 7,954,208</b>	<b>\$ 240,497</b>	<b>\$ 8,194,705</b>	<b>\$ 7,954,208</b>	<b>\$ 240,497</b>	<b>\$ 8,194,705</b>	<b>\$ 8,594,102</b>	<b>\$ -</b>	<b>\$ 8,594,102</b>	<b>\$ 399,397</b>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG**  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 ON BUDGETARY ACCOUNTING AND CONTROL  
 JUNE 30, 2020

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

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
3. A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
4. Pursuant to the budget hearing, the Board of Education may make alterations to the proposed budget.
5. After the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
6. Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.
7. Encumbrance accounting is not used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

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

General/special education	General administration services	\$ 12,031
General/special education	Building administration services	33,417
General/special education	Non-program transactions	177,171
General/special education	Capital outlay	547,401

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

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2020	0.11757259%	\$ (3,791,077)	\$18,911,713	-20.05%	102.96%
2019	0.11695830%	4,161,009	18,160,215	22.91%	102.74%
2018	0.11593200%	(3,443,085)	17,289,414	-19.91%	89.20%
2017	0.11460600%	944,629	16,804,931	5.62%	99.12%
2016	0.11358800%	1,845,788	16,317,624	11.31%	102.93%
2015	0.11257000%	(2,765,021)	15,737,228	-17.57%	96.45%

**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Fiscal Years \***

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 1,238,725	\$ (1,238,725)	\$ -	\$ 18,911,713	6.55%
2019	1,216,721	(1,216,721)	-	18,160,215	6.70%
2018	1,175,849	(1,175,849)	-	17,289,414	6.80%
2017	1,109,112	(1,109,112)	-	16,804,931	6.60%
2016	1,112,750	(1,112,750)	-	16,317,624	6.82%
2015	1,101,606	(1,101,606)	-	15,737,228	7.00%

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

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

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

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes in the assumptions.

**SCHOOL DISTRICT OF REEDSBURG**  
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES  
YEAR ENDED JUNE 30, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
Last 10 Fiscal Years \*

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2020	0.28710600%	\$ 1,222,553	\$ 13,233,000	9.24%	37.58%
2019	0.28095000%	724,946	13,109,000	5.53%	48.69%
2018	0.26111400%	785,582	10,980,591	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years \*

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ -	\$ -	\$ -	\$ 13,233,000	0.00%
2019	-	-	-	13,109,000	0.00%
2018	-	-	-	10,980,591	0.00%

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

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 proceeding years.

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

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.



**SCHOOL DISTRICT OF REEDSBURG**  
 SUPPLEMENTAL PENSION DEFINED BENEFIT PLAN SCHEDULES  
 YEAR ENDED JUNE 30, 2020

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS  
 Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Pension Liability</b>				
Service cost	\$ 6,332	\$ 14,903	\$ 15,371	\$ 15,371
Interest	3,927	10,304	9,722	9,989
Differences between expected and actual experience	-	(109,971)	-	-
Changes of assumptions or other input	(821)	(32)	(115)	-
Benefit payments	<u>(133,500)</u>	<u>(13,500)</u>	<u>(42,000)</u>	<u>(24,000)</u>
Net Changes in Total Pension Liability	(124,062)	(98,296)	(17,022)	1,360
Total Pension Liability - Beginning	175,771	274,067	291,089	289,729
<b>Total Pension Liability - Ending</b>	<b><u>\$ 51,709</u></b>	<b><u>\$ 175,771</u></b>	<b><u>\$ 274,067</u></b>	<b><u>\$ 291,089</u></b>
Covered payroll	\$ 668,840	\$ 668,840	\$ 1,287,051	\$ 1,287,051
Total pension liability as a percentage of covered payroll	7.73%	26.28%	21.29%	22.62%

SCHEDULE OF CONTRIBUTIONS  
 Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>(133,500)</u>	<u>(13,500)</u>	<u>(42,000)</u>	<u>(24,000)</u>
Contribution deficiency (excess)	<b><u>\$ (133,500)</u></b>	<b><u>\$ (13,500)</u></b>	<b><u>\$ (42,000)</u></b>	<b><u>\$ (24,000)</u></b>
Covered payroll	\$ 668,840	\$ 668,840	\$ 1,287,051	\$ 1,287,051
Contributions as a percentage of covered payroll	19.96%	2.02%	3.26%	1.86%
Actuarial valuation date	6/30/2018	6/30/2018	6/30/2016	6/30/2016
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 preceding years.

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

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 12 year level % open amortization, fair market value asset valuation, 2.25% discount rate, 3% inflation, 2% salary increases, Wisconsin 2012 mortality table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - the discount rate changed to 2.25% from 3.5%.

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

**SCHEDULE OF CHANGES IN THE NET OPEB HEALTHCARE LIABILITY AND RELATED RATIOS**  
**Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Healthcare Liability</b>				
Service cost	\$ 8,208	\$ -	\$ -	\$ -
Interest	13,313	31,486	45,103	62,442
Changes of benefit terms	-	(5,888)	-	-
Differences between expected and actual experience	-	(226,117)	-	-
Changes of assumptions or other input	10,250	73,271	(2,245)	-
Benefit payments	(214,911)	(457,301)	(526,455)	(589,218)
Net Changes in Total OPEB Healthcare Liability	(183,140)	(584,549)	(483,597)	(526,776)
Total OPEB Healthcare Liability - Beginning	483,734	1,068,283	1,551,880	2,078,656
<b>Total OPEB Healthcare Liability - Ending (a)</b>	<b>\$ 300,594</b>	<b>\$ 483,734</b>	<b>\$ 1,068,283</b>	<b>\$ 1,551,880</b>
<b>Plan Fiduciary Net Position</b>				
Net investment income	\$ -	\$ -	\$ 42,616	\$ 44,930
Benefit payments	-	-	(62,133)	(589,218)
Net Changes in Plan Fiduciary Net Position	-	-	(19,517)	(544,288)
Plan Fiduciary Net Position - Beginning	-	-	19,517	563,805
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,517</b>
<b>Net OPEB Healthcare Liability - Ending (a) - (b)</b>	<b>\$ 300,594</b>	<b>\$ 483,734</b>	<b>\$ 1,068,283</b>	<b>\$ 1,532,363</b>
Plan fiduciary net position as a percentage of the net OPEB Healthcare liability	0.00%	0.00%	0.00%	1.26%
Covered payroll	\$ 14,459,187	\$ 14,459,187	\$ -	\$ -
Net OPEB Healthcare liability as a percentage of covered payroll	2.08%	3.35%	N/A	N/A

**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ -	\$ -	\$ 412,420	\$ 540,702
Contributions in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,420</u>	<u>\$ 540,702</u>
Covered payroll	\$ 14,459,187	\$ 14,459,187	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	N/A	N/A
Actuarial valuation date	6/30/2018	6/30/2018	6/30/2016	6/30/2016
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

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

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

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 30 year level %, fair market value asset valuation, 2.25% discount rate, 3% salary increases, Wisconsin 2015 mortality table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - the discount rate changed to 2.25% from 3.5% and the mortality table was updated to the Wisconsin 2015 mortality table from the Wisconsin 2012 mortality table.

**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF REEDSBURG**

COMBINING BALANCE SHEETS

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	REFERENDUM APPROVED	
<b>ASSETS</b>					
Cash and investments	\$ 349,220	\$ 206,294	\$ 180,326	\$ 1,205,175	\$ 1,941,015
Due from other governments	-	109,878	-	-	109,878
<b>TOTAL ASSETS</b>	<u><b>349,220</b></u>	<u><b>316,172</b></u>	<u><b>180,326</b></u>	<u><b>1,205,175</b></u>	<u><b>2,050,893</b></u>
<b>LIABILITIES</b>					
Accounts payable	-	38,613	172	-	38,785
Accrued payroll liabilities	-	26,297	4,565	-	30,862
Due to other governments	-	119	-	-	119
Unearned revenue	-	108,054	-	-	108,054
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>173,083</u>	<u>4,737</u>	<u>-</u>	<u>177,820</u>
<b>FUND BALANCES</b>					
Restricted	-	143,089	-	1,205,175	1,348,264
Assigned	349,220	-	175,589	-	524,809
<b>TOTAL FUND BALANCES</b>	<u>349,220</u>	<u>143,089</u>	<u>175,589</u>	<u>1,205,175</u>	<u>1,873,073</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 349,220</b></u>	<u><b>\$ 316,172</b></u>	<u><b>\$ 180,326</b></u>	<u><b>\$ 1,205,175</b></u>	<u><b>\$ 2,050,893</b></u>

**SCHOOL DISTRICT OF REEDSBURG**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	TOTAL
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	REFERENDUM APPROVED	NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 75,000	\$ 2,400,000	\$ 2,475,000
Other local sources	511,287	331,136	11,009	6,899	860,331
State sources	-	25,420	-	-	25,420
Federal sources	-	1,078,948	-	-	1,078,948
Other sources	-	3,452	-	-	3,452
<b>TOTAL REVENUES</b>	<u>511,287</u>	<u>1,438,956</u>	<u>86,009</u>	<u>2,406,899</u>	<u>4,443,151</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Other instruction	460,073	-	-	-	460,073
Total instructor	<u>460,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,073</u>
Support service					
Business services	-	1,308,830	-	-	1,308,830
Central services	-	238	-	-	238
Community services	-	-	63,288	-	63,288
Total support services	<u>-</u>	<u>1,309,068</u>	<u>63,288</u>	<u>-</u>	<u>1,372,356</u>
Debt service					
Principal	-	-	-	1,085,000	1,085,000
Interest	-	-	-	996,019	996,019
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,081,019</u>	<u>2,081,019</u>
Capital outlay	-	-	20,404	-	20,404
<b>TOTAL EXPENDITURES</b>	<u>460,073</u>	<u>1,309,068</u>	<u>83,692</u>	<u>2,081,019</u>	<u>3,933,852</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>51,214</u>	<u>129,888</u>	<u>2,317</u>	<u>325,880</u>	<u>509,299</u>
<b>OTHER FINANCING SOURCES</b>					
Net transfer (to) from other funds	-	-	(7,545)	-	(7,545)
<b>NET CHANGE IN FUND BALANCE</b>	51,214	129,888	(5,228)	325,880	501,754
FUND BALANCES - BEGINNING OF YEAR	-	13,201	180,817	879,295	1,073,313
CHANGE IN ACCOUNTING PRINCIPLE	298,006	-	-	-	298,006
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 349,220</u>	<u>\$ 143,089</u>	<u>\$ 175,589</u>	<u>\$ 1,205,175</u>	<u>\$ 1,873,073</u>

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

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	RECEIVABLE	REVENUES		RECEIVABLE	SUBRECIPIENT
				(UNEARNED REVENUE) JULY 1, 2019	GRANTOR	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2020	PASS-THROUGH EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
Wisconsin Department of Public Instruction								
Child Nutrition Cluster								
School Breakfast Program								
July 1, 2018 - June 30, 2019	2019-564753-SB-Severe-546	10.553	N/A	\$ 8,916	\$ 8,916	\$ -	\$ -	-
July 1, 2019 - June 30, 2020	2020-564753-DPI-SB-546		N/A	-	175,760	175,760	-	-
COVID-19 - School Breakfast Program								
July 1, 2019 - June 30, 2020	2020-564753-DPI-SB-546	10.553	N/A	-	14,005	14,005	-	-
Food Distribution								
July 1, 2019 - June 30, 2020	None	10.555	N/A	-	75,770	75,770	-	-
National School Lunch Program								
July 1, 2018 - June 30, 2019	2019-564753-NSL-547	10.555	N/A	15,227	15,227	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-DPI-NSL-547		N/A	-	341,126	341,126	-	-
COVID-19 - National School Lunch Program								
July 1, 2019 - June 30, 2020	2020-564753-DPI-NSL-547	10.555	N/A	-	26,360	26,360	-	-
Nation School Lunch Area Eligible Snack Program								
July 1, 2019 - June 30, 2020	2020-564753-DPI-NSLAE-566	10.555	N/A	-	7,964	7,964	-	-
COVID-19 - Nation School Lunch Area Eligible Snack Program								
July 1, 2019 - June 30, 2020	2020-564753-DPI-NSLAE-566	10.555	N/A	-	21,938	32,311	10,373	-
Summer Food Service Program for Children								
July 1, 2018 - June 30, 2019	2019-564753-SFSP-586	10.559	N/A	1,828	1,828	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-DPI-SFSP-586		N/A	-	6,240	6,240	-	-
COVID-19 - Summer Food Service Program for Children								
July 1, 2019 - June 30, 2020	2020-564753-DPI-SFSP-586	10.559	N/A	-	299,907	399,412	99,505	-
Total Child Nutrition Cluster				25,971	995,041	1,078,948	109,878	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>25,971</b>	<b>995,041</b>	<b>1,078,948</b>	<b>109,878</b>	<b>-</b>
<b>U.S. DEPARTMENT OF ENERGY</b>								
Wisconsin Public Service Commission								
Recovery Act - State Energy Program Formula Grant								
November 12, 2019 - December 31, 2019	EIGP-18-26	81.041	\$ 345,000	-	345,000	345,000	-	-
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>				<b>-</b>	<b>345,000</b>	<b>345,000</b>	<b>-</b>	<b>-</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Wisconsin Department of Public Instruction								
Title IA Cluster								
Title IA - Grants to Local Educational Agencies								
July 1, 2018 - June 30, 2019	2019-564753-TIA-141	84.010	N/A	175,848	175,848	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-TIA-141		N/A	-	236,212	485,770	249,558	-
Total Title IA Cluster				175,848	412,060	485,770	249,558	-
Special Education Cluster								
Special Education - Grants to States (IDEA Part B)								
July 1, 2018 - June 30, 2019	2019-564753-IDEA-FT-341	84.027	N/A	149,033	149,033	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-DPI-IDEA-F-341		1,032,990	-	356,990	743,075	386,085	-
Special Education - Grants to States Discretionary								
July 1, 2018 - June 30, 2019	2019-564753-IDEA-FT-342	84.027	N/A	94,030	94,030	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-DPI-IDEA-F-341		N/A	-	-	159,250	159,250	-
Special Education - Preschool Grants (IDEA Preschool)								
July 1, 2018 - June 30, 2019	2019-564753-IDEA-PS-347	84.173	N/A	516	516	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-DPI-IDEA-P-347		46,019	-	17,297	23,250	5,953	-
Total Special Education Cluster				243,579	617,866	925,575	551,288	-
Career and Technical Education - Basic Grants to States (Perkins IV)								
July 1, 2018 - June 30, 2019	2019-564753-CTE-400	84.048	N/A	4,452	4,452	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-CTE-400		N/A	-	18,804	27,499	8,695	-
Title IV - Twenty-First Century Community Learning Centers								
July 1, 2019 - June 30, 2020	2020-564753-CLC DPI-367	84.287	N/A	-	-	145,000	145,000	-
Title III-A - English Language Acquisition Grants								
July 1, 2018 - June 30, 2019	2019-564753-TIIIA-391	84.365	N/A	2,536	2,536	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-DPI-T3-391		N/A	-	10,258	12,054	1,796	-
Title II-A - Improving Teacher Quality State Grants								
July 1, 2018 - June 30, 2019	2019-564753-TIIA-365	84.367	N/A	13,115	13,115	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-TIIA-365		N/A	-	43,174	94,793	51,619	-
Title IV-A - Student Support and Academic Enrichment								
July 1, 2018 - June 30, 2019	2019-564753-TIVA-381	84.424	N/A	6,507	6,507	-	-	-
July 1, 2019 - June 30, 2020	2020-564753-TIVA-DPI-381		N/A	-	17,009	26,687	9,678	-
Hurricane Education Recovery - Students with Disabilities								
July 1, 2019 - June 30, 2020	2020-564753-Emergency Impact Aid-375	84.938	N/A	-	606	606	-	-
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<b>446,037</b>	<b>1,146,387</b>	<b>1,717,984</b>	<b>1,017,634</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
Wisconsin Department of Health Services								
Medical Assistance								
July 1, 2018 - June 30, 2019	None	93.778	N/A	32,167	32,167	-	-	-
July 1, 2019 - June 30, 2020	None		N/A	-	286,318	323,859	37,541	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>32,167</b>	<b>318,485</b>	<b>323,859</b>	<b>37,541</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>								
Wisconsin Department of Administration								
Disaster grants - Public Assistance								
July 1, 2019 - June 30, 2020	None	97.036	N/A	-	9,589	9,589	-	-
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>				<b>-</b>	<b>9,589</b>	<b>9,589</b>	<b>-</b>	<b>-</b>
<b>TOTAL FEDERAL AWARDS</b>				<b>\$ 504,175</b>	<b>\$ 2,814,502</b>	<b>\$ 3,475,380</b>	<b>\$ 1,165,053</b>	<b>\$ -</b>

The accompanying notes are an integral part of these statements.

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

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH	STATE	RECEIVABLE		RECEIVABLE		SUBRECIPIENT PASS-THROUGH	
	ENTITY IDENTIFYING NUMBER	I.D. NUMBER	(UNEARNED REVENUE) JULY 1, 2019	REVENUE GRANTOR REIMBURSEMENTS	(UNEARNED REVENUE) JUNE 30, 2020	EXPENDITURES		EXPENDITURES
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Wisconsin Department of Public Instruction								
Special Education and School Age Parents	564753-100	255.101	\$ -	\$ 1,582,775	\$ 1,582,775	\$ -	\$ -	
State School Lunch Aid	564753-107	255.102	-	11,521	11,521	-	-	
Common School Fund Library Aid	564753-104	255.103	-	131,499	131,499	-	-	
Bilingual/Bicultural Aid	564753-111	255.106	-	5,569	5,569	-	-	
General Transportation Aid	564753-102	255.107	-	124,754	124,754	-	-	
Equalization Aid	564753-116	255.201	273,769	17,197,819	17,206,950	282,900	-	
High Cost Special Education Aid	564753-119	255.210	-	32,836	32,836	-	-	
Aid for School Mental Health Programs	564753-173	255.227	-	18,671	18,671	-	-	
Supplemental Per Pupil Aid	564753-181	255.245	-	9,292	9,292	-	-	
Peer Review and Mentoring	564753-141	255.301	21,875	21,875	22,884	22,884	14,958	
School Breakfast Program	564753-108	255.344	-	13,899	13,899	-	-	
Early College Credit Program	564753-178	225.445	-	1,105	1,105	-	-	
Student Achievement Guarantee in Education	564753-160	255.504	-	905,068	905,068	-	-	
Educator Effectiveness Evaluation System	564753-154	255.940	-	22,000	22,000	-	-	
Per Pupil Aid	564753-113	255.945	-	2,053,856	2,053,856	-	-	
Career and Technical Education Incentive	564753-152	255.950	-	20,088	20,088	-	-	
Assessment of Reading Readiness	564753-166	255.956	-	4,556	4,556	-	-	
<b>TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>			<b>295,644</b>	<b>22,157,183</b>	<b>22,167,323</b>	<b>305,784</b>	<b>14,958</b>	
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>								
TEACH	None	None	-	46,825	46,825	-	-	
Disaster Grant - Public Assistance	None	None	-	973	973	-	-	
Cooperative Educational Service Agency #5								
TEACH	None	None	-	1,180	1,180	-	-	
<b>TOTAL WISCONSIN DEPARTMENT OF ADMINISTRATION</b>			<b>-</b>	<b>48,978</b>	<b>48,978</b>	<b>-</b>	<b>-</b>	
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>								
Security Updates and Mental Health Training	2018-SSI-01-14347	None	95,041	122,786	92,293	64,548	-	
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>								
Payment in Lieu of Taxes	None	None	-	16,716	16,716	-	-	
<b>WISCONSIN DEPARTMENT OF REVENUE</b>								
Exempt Computer Aid	None	None	17,319	17,319	17,319	17,319	-	
Exempt Personal Property Aid	None	None	-	89,418	89,418	-	-	
<b>TOTAL WISCONSIN DEPARTMENT OF REVENUE</b>			<b>17,319</b>	<b>106,737</b>	<b>106,737</b>	<b>17,319</b>	<b>-</b>	
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b>\$ 408,004</b>	<b>\$ 22,452,400</b>	<b>\$ 22,432,047</b>	<b>\$ 387,651</b>	<b>\$ 14,958</b>	

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
JUNE 30, 2020

**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 School District of Reedsburg. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

**NOTE 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

**NOTE 3 - Special Education and School Age Parents Program**

2019-2020 eligible costs under the State Special Education Program are \$5,782,003.

**NOTE 4 - Food Distribution Program**

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

**NOTE 5 - 10% De Minimis Cost Rate**

Elected not to use.



**SCHOOL DISTRICT OF REEDSBURG  
REEDSBURG, WISCONSIN**

**OTHER REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Reedsburg, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District of Reedsburg's basic financial statements and have issued our report thereon dated November 20, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the School District of Reedsburg'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 School District of Reedsburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District of Reedsburg's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider the 2020-001, 2020-002, and 2020-003 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School District of Reedsburg'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*.

## **School District of Reedsburg's Responses to Findings**

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

## **Purpose of this Report**

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

HAWKINS ASH CPAS, LLP

A handwritten signature in dark ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Manitowoc, Wisconsin  
November 20, 2020



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

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

**Report on Compliance for Each Major Federal and State Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District of Reedsburg's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *State Single Audit Guidelines*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District of Reedsburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## ***Opinion on Each Major Federal Program***

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

## **Report on Internal Control Over Compliance**

Management of the School District of Reedsburg is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District of Reedsburg's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and *State Single Audit Guidelines*, 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 School District of Reedsburg's internal control over compliance.

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

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

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin  
November 20, 2020

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

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	_____		None reported
Noncompliance material to the financial statements?	_____	Yes	_____	<u>X</u>	No

*Federal Awards*

Internal control over financial reporting:

Material weakness identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	_____	<u>X</u>	None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

	_____	Yes	_____	<u>X</u>	No
--	-------	-----	-------	----------	----

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I
84.027/84.173	Special Education Cluster
84.041	State Energy Program

*State Assistance*

Internal control over financial reporting:

Material weakness identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	_____	<u>X</u>	None reported

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

Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*?

	_____	Yes	_____	<u>X</u>	No
--	-------	-----	-------	----------	----

**SCHOOL DISTRICT OF REEDSBURG**  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
 JUNE 30, 2020

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.201	Equalization Aid
255.504	Achievement Gap Reduction

Dollar threshold used to distinguish between:

Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

Auditee qualified as low-risk auditee?                             Yes              X   No

**Section II - Financial Statement Findings and Questioned Costs**

**2020-001 - Preparation of Financial Statements**

Program: District-Wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was not a prior year finding.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

**2020-002 - Segregation of Duties**

Program: District-Wide

Criteria: Segregation of accounting duties is necessary for adequate internal control.

Condition: Separation of accounting duties for adjusting journal entries, cash receipts, cash disbursements and payroll is currently limited to obtain an adequate internal control system.

**SCHOOL DISTRICT OF REEDSBURG**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
JUNE 30, 2020

Questioned Costs: Not applicable.

Context: The number of personnel limits the separation of accounting duties.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Systemic problem.

Prior Year Finding: This was not a prior year finding.

Recommendation: Management should monitor the accounting internal controls or hire additional personnel to be able to properly separate accounting duties.

Management's Response: This weakness is impractical to entirely correct due to the limited resources and personnel available to our District. We will continue to use other controls, where practical, to compensate for this limitation.

**2020-003 - Significant Audit Adjustments**

Program: District-Wide

Criteria: Generally accepted accounting principles.

Condition: Significant audit adjustments were required to prevent the District's financial statements from being misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

Prior Year Finding: This was not a prior year finding.

Recommendation: Improve the District's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect significant adjustments.

Management's Response: The District will incorporate financial reporting internal controls to detect significant adjustments, prevent misstated financial statements and increase the accuracy of the interim financial reports used by management.

**Section III - Federal and State Award Findings and Questioned Costs**

None





501 K Street | Reedsburg, WI 53959 | (608) 524-2016 | www.rsd.k12.wi.us

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN  
JUNE 30, 2020**

**Summary Schedule of Prior Audit Findings**

2019-001 - Student Activity Funds - Resolved. Initially occurred 6/30/16.

**Corrective Action Plan**

2020-001 - Preparation of Financial Statements - Contact: Patrick Ruddy, Associate District Administrator and Director of Business Services & Human Resources. Completion date: N/A. Due to the complexities of governmental reporting in accordance with GAAP, i.e. financial statements and related disclosure reporting, District management has weighed the cost benefit of training current staff or hiring a Certified Public Accountant on staff for the purposes of preparing the external financial statements in accordance with GAAP. District management has concluded to outsource the preparation of the external financial statements and related disclosures to their certified public accounting firm, which is an acceptable practice according to *Government Auditing Standards*. District management will review and approve the externally prepared financial statements.

2020-002 - Segregation of Duties - Contact: Patrick Ruddy, Associate District Administrator and Director of Business Services & Human Resources. Completion date: N/A. The segregation of duties weakness is impractical to completely correct due to the limited resources and staff available to our District. We will continue to use other controls, where practical, to compensate for this limitation.

2020-003 - Significant Audit Adjustments - Contact: Patrick Ruddy, Associate District Administrator and Director of Business Services & Human Resources. Completion date: June 30, 2021. The District will improve its financial reporting internal controls by reconciling accounts on a recurring basis to prevent significant audit adjustments. District management will review and approve the audit adjustments.