

School District of the Menomonie Area

Menomonie, Wisconsin

Financial Statements and Supplementary Financial Information

Year Ended June 30, 2019

School District of the Menomonie Area
Financial Statements and Supplementary Financial Information
Year Ended June 30, 2019

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Independent Auditor's Report

Board of Education
School District of the Menomonie Area
Menomonie, 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 the Menomonie Area (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison schedule - General Fund, schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in the employer's net pension liability and related ratios - District pension plan, schedule of employer contributions - District pension plan, schedule of investment returns - District pension plan, schedule of changes in the employer's net OPEB liability and related ratios - District OPEB plan, schedule of employer contributions - District OPEB plan, and schedule of investment returns - District OPEB plan on pages 5 through 17 and 66 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and are also not a required part of the basic financial statements. The fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

December 2, 2019
Eau Claire, Wisconsin

Management's Discussion and Analysis

School District of the Menomonie Area
Management's Discussion and Analysis
Year Ended June 30, 2019

This section of the School District of the Menomonie Area's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's overall financial position, as reflected in total net position is \$31,510,067.
- Net position increased \$4,104,982 during the year.
- The District decreased the principal amount of outstanding general obligation debt by \$2,735,000.
- In the governmental funds, the District's total fund balance increased \$2,593,571 during the year. The General Fund balance increased by \$595,955.

Overview of the Financial Statements

The basic financial statements are comprised of (1) government-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.

Government-Wide Financial Statements

- The government-wide financial statements are the *statement of net position* and *statement of activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*. As of June 30, 2019, the District had no business-type activities.
- The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.

Fund Financial Statements

- The District also produces *fund financial statements*. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the government-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.
- There are two fund financial statements, the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances*. Generally, fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.
- Because the focus of fund financial statements is narrower than that of the government-wide statements, it is useful to make comparisons between the information presented. By doing so, readers may better understand the long-term implications of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fund Financial Statements (Continued)

- The District has two kinds of funds: *governmental* and *fiduciary*. The District maintains individual governmental funds (general, debt service, donations, and food service) and individual capital project funds as needed. The District has three *fiduciary funds*.
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances* for the general fund and the debt service fund since these are considered to be major funds. Data for the capital project, donations, and food service funds is combined into a single, aggregated column.
- The District serves as a trustee, or fiduciary, for student organizations, the District employees, and various scholarship programs. The assets of these organizations and programs do not directly benefit nor are they under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.
- The District adopts an annual budget for all governmental funds. For financial statement reporting purposes, the general fund, special education fund, and community service fund are combined and reported as the general fund. A budgetary comparison statement for the general fund (not including the special education fund and the community service fund) has been provided to demonstrate budget compliance.

Notes to the Financial Statements

- The *notes to the financial statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.
- The major features of the District's financial statements, including the portion of the activities reported and the type of information contained, are shown in the table below.

	Government-Wide	Fund Financial Statements	
	Statements	Governmental	Fiduciary
<i>Scope</i>	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, 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.
<i>Required financial statements</i>	Statement of net position. Statement of activities.	Balance sheet. Statement of revenues, expenditures, and changes in fund balance.	Statement of fiduciary net position. Statement of changes in fiduciary net position.
<i>Basis of accounting and measurement of focus</i>	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
<i>Type of asset and liability information</i>	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.
<i>Type of inflow and outflow information</i>	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; expenditures when goods or services have been received and the related liability is due and payable.	All additions or deductions during the year, regardless of when cash is received or paid.

Financial Analysis

The District as a Whole

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,510,067 at the close of the most recent fiscal year.

By far the largest portion of the District's net position (\$21,173,385 or 67 percent) reflects its investment in capital assets (e.g., land, buildings, furniture, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. (See Table 1)

Table 1
School District of the Menomonee Area
Net Position

	Governmental Activities	
	2019	2018
Current and other assets	\$ 21,546,212	\$ 24,213,439
Capital assets	55,943,207	57,193,224
Total assets	77,489,419	81,406,663
Deferred outflows of resources	11,776,106	6,576,568
Long-term liabilities	45,135,133	44,856,753
Other liabilities	4,704,545	6,273,784
Total liabilities	49,839,678	51,130,537
Deferred inflows of resources	7,915,780	9,447,609
Net position:		
Net investment in capital assets	21,173,385	19,515,409
Restricted	7,359,920	4,645,502
Unrestricted	2,976,762	3,244,174
Total net position	\$ 31,510,067	\$ 27,405,085

The District as a Whole (Continued)

Change in net position.

Table 2
School District of the Menomonie Area
Change in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 1,622,325	\$ 1,534,067
Operating grants and contributions	4,899,796	4,437,930
Capital grants and contributions	42,042	79,188
General revenues:		
Property taxes	15,938,886	17,301,889
State aid-formula grants	22,962,730	20,407,308
Other	1,003,850	1,385,378
Total revenues	46,469,629	45,145,760
Expenses:		
Instruction	24,158,965	22,509,246
Pupil services	1,725,015	1,525,983
Instructional staff services	1,416,684	1,277,401
General administration services	893,614	898,934
Building administration services	1,588,802	1,578,036
Business services	874,095	818,906
Operations and maintenance	3,853,378	3,675,630
Pupil transportation services	2,036,328	2,033,985
Food service	1,620,549	1,570,312
Central services	325,889	1,176,857
Insurance	267,817	376,837
Community services	282,294	265,124
Interest on debt	1,042,153	2,524,321
Other support services	914,652	114,908
Unallocated depreciation, excluding direct	1,364,412	1,369,207
Total expenses	42,364,647	41,715,687
Change in position	4,104,982	3,430,073
Net position - Beginning of year	27,405,085	23,975,012
Net position - End of year	\$ 31,510,067	\$ 27,405,085

The District as a Whole (Continued)

The District's total revenues were \$46,469,629 for the year ended June 30, 2019. Property taxes and state formula aid accounted for 83.7 percent of total revenue for the year. (See Table 3) The remaining 16.3 percent came from operating and capital grants and contributions, charges for services, and other general revenues.

Table 3
School District of the Menomonie Area
Revenues for Fiscal Year 2019

	Amount	Percent of Total
Revenues:		
Program revenues:		
Charges for services	\$ 1,622,325	3.5 %
Operating grants and contributions	4,899,796	10.5 %
Capital grants and contributions	42,042	0.1 %
General revenues:		
Property taxes	15,938,886	34.3 %
State aid-formula grants	22,962,730	49.4 %
Other	1,003,850	2.2 %
Total revenues	\$ 46,469,629	100.0 %

The District as a Whole (Continued)

The total cost of all programs and services was \$42,364,647. The District's expenses are predominantly related to educating and caring for students (64.4 percent). (See Table 4) The purely administrative activities of the District accounted for just 5.9 percent of total costs.

Total revenues surpassed expenses, increasing net position by \$4,104,982.

Table 4
School District of the Menomonie Area
Expenses for Fiscal Year 2019

	Amount	Percent of Total
Expenses:		
Instruction	\$ 24,158,965	57.0 %
Student support services	3,141,699	7.4 %
Administration	2,482,416	5.9 %
Maintenance and operations	3,853,378	9.1 %
Interest on debt	1,042,153	2.5 %
Other	7,686,036	18.1 %
Total expenses	\$ 42,364,647	100.0 %

Government-Wide Financial Analysis

Net cost of governmental activities. Table 5 reports the cost of the District's activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

Table 5
School District of the Menomonee Area
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 24,158,965	\$ 22,509,246	\$ 20,336,785	\$ 19,220,813
Pupil and instructional services	3,141,699	2,803,384	2,714,841	2,387,016
Administrative and business	2,482,416	2,476,970	2,482,416	2,862,279
Maintenance and operations	3,853,378	3,675,630	3,811,336	3,262,924
Transportation	2,036,328	2,033,985	1,891,185	1,851,825
Food service	1,620,549	1,570,312	(114,065)	5,482
Community service	282,294	265,124	204,639	194,421
Interest on debt	1,042,153	2,524,321	969,703	1,245,982
Other	3,746,865	3,856,715	3,503,644	2,652,957
Total	\$ 42,364,647	\$ 41,715,687	\$ 35,800,484	\$ 33,683,699

- The cost of all *governmental* activities this year was \$42,364,647.
- Some of the cost was paid by the users of the District's programs (\$1,622,325).
- The federal and state governments subsidized certain programs with grants and contributions (\$4,941,838).
- Most of the District's costs (\$35,800,484), however, were paid for by District taxpayers and the taxpayers of our state.
- This portion of governmental activities was paid for with \$15,938,886 in property taxes, \$22,962,730 of state aid based on the statewide education aid formula, and \$1,003,850 with investment earnings and other general revenues, resulting in an increase in net position of \$4,104,982.

Governmental Funds

The District completed the year with a total governmental fund balance of \$17,168,885, which is \$2,593,571 over last year's ending fund balance of \$14,575,314.

- The general fund had an increase in fund balance of \$595,955. This was primarily due to fewer technology related capital purchases in the current year (about \$401,000).
- The capital projects fund had an increase of \$1,824,636. The increase was attributed to the General Fund contribution to fund the District's long-term projects.
- Revenues and other financing sources exceeded expenditures and other financing uses by \$172,980 for the other nonmajor governmental funds. These funds included the Donations Fund, Debt Service Fund, and Food Service Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into three categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Increasing appropriations for significant unbudgeted costs.
- Reallocating the budget between functional lines.

The District's final budget for the general fund anticipated that expenditures and other financing uses would exceed revenues and other financing sources by \$1,272,801, the actual results for the year show a \$566,209 surplus.

- Actual revenues were about \$28,398 less than expected, due largely to a decrease in state and federal aid.
- The actual expenditures were \$1,837,938 less than budget.

Capital Assets and Debt Administration

Capital Assets

At the end of the 2019 fiscal year, the District had invested over \$84 million in a broad range of capital assets, including land, buildings, and equipment. (See Table 6) Additional information about capital assets can be found in Note 5. Total accumulated depreciation on these assets exceeded \$28 million for governmental activities.

- Asset acquisitions for governmental activities totaled \$1,120,880.
- The District recognized depreciation expense of \$2,340,457 for governmental activities.

Table 6
School District of the Menomonee Area
Capital Assets

	Governmental Activities	
	2019	2018
Land	\$ 806,600	\$ 806,600
Land improvements	2,673,463	2,636,678
Buildings and building improvements	76,879,794	76,577,740
Furniture and equipment	4,426,999	3,838,029
Accumulated depreciation	(28,843,649)	(26,665,823)
Total	\$ 55,943,207	\$ 57,193,224

Long-Term Debt

At year-end, the District had \$34,749,177 in general obligation bonds and other long-term debt outstanding. (See Table 7) Additional information about the District's long-term obligations is presented in Note 6 to the financial statements.

Table 7
School District of the Menomonie Area
Outstanding Long-Term Debt and Capital Leases

	Total School District		Total % Change
	June 30,		
	2019	2018	2018-2019
General obligation bonds and notes	\$ 34,549,670	\$ 37,357,084	(7.5)
Capital leases	118,027	232,074	(49.1)
Compensated absences	81,480	95,545	(14.7)
	\$ 34,749,177	\$ 37,684,703	(7.8)

- The District retired \$2,735,000 of outstanding bonds and notes.

Factors Bearing on the District's Future

Current circumstances that will impact the District's financial status in the future are as follows:

- The District enrollment is currently decreasing. Enrollment for the 2019-2020 fiscal year is down approximately 25 students from the prior year. The District anticipates that enrollment for the 2020-2021 fiscal year will have a decrease of approximately 6 students from the 2019-2020 fiscal year.
- The state of Wisconsin has an open enrollment law that allows students to attend the school district of their choice with few restrictions. The state adjusts each district's general state aid payment based on the number of students who transfer. The School District of Menomonie expects to have a net loss of 75 students that will decrease state aid by \$641,714 in 2020-2021.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Joseph Zydowsky, District Administrator, School District of the Menomonie Area, 215 Pine Avenue NE, Menomonie, Wisconsin 54751.

Government-Wide Financial Statements

School District of the Menomonie Area

Statement of Net Position

June 30, 2019

<i>Assets and Deferred Outflows of Resources</i>	Governmental Activities
Current assets:	
Cash and investments	\$ 14,628,155
Receivables:	
Taxes	5,492,019
Accounts	270,386
Due from other governments	1,128,679
Prepaid items	19,505
Inventory	7,468
Total current assets	21,546,212
Noncurrent assets:	
Capital assets:	
Land	806,600
Land improvements	2,673,463
Buildings and building improvements	76,879,794
Furniture and equipment	4,426,999
Less - Accumulated depreciation	(28,843,649)
Total capital assets, net of accumulated depreciation	55,943,207
Total noncurrent assets	55,943,207
Total assets	77,489,419
Deferred outflows of resources:	
Related to pensions - District pension plan	184,788
Related to OPEB - District OPEB plan	188,074
Related to pensions - WRS	11,403,244
Total deferred outflows of resources	11,776,106
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 89,265,525

School District of the Menomonie Area

Statement of Net Position (Continued)

June 30, 2019

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	Governmental Activities
Liabilities:	
Current liabilities:	
Accounts payable	\$ 793,010
Accrued liabilities:	
Payroll, payroll taxes, insurance	3,199,955
Claims incurred but not reported	325,000
Interest	351,840
Unearned revenue	23,626
Deposits	11,042
Due to other governments	72
Current portion of long-term obligations	2,975,998
Total current liabilities	7,680,543
Noncurrent liabilities:	
Bonds and notes payable	31,754,670
Net OPEB liability - District OPEB plan	3,887,933
Net pension liability - District pension plan	2,107,531
Net pension liability - WRS	4,390,492
Compensated absences	18,509
Total noncurrent liabilities	42,159,135
Total liabilities	49,839,678
Deferred inflows of resources:	
Related to pensions - District pension plan	149,639
Related to OPEB - District OPEB plan	1,619,520
Related to pensions - WRS	6,044,496
Deferred amount on refunding	102,125
Total deferred inflows of resources	7,915,780
Net position:	
Net investment in capital assets	21,173,385
Restricted for:	
Debt service	172,063
Capital projects	3,498,159
Self insurance	2,789,519
Food service	266,343
Donations	633,836
Unrestricted	2,976,762
Total net position	31,510,067
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 89,265,525

See accompanying notes to financial statements.

School District of the Menomonee Area

Statement of Activities

Year Ended June 30, 2019

<i>Functions/Programs</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating	Capital	Total Governmental Activities
			Grants and Contributions	Grants and Contributions	
Governmental activities:					
Instruction:					
Regular instruction	\$ 16,743,481	\$ 602,711	\$ 817,669	\$ -	\$ (15,323,101)
Vocational instruction	865,607	-	40,342	-	(825,265)
Special education instruction	4,933,224	108,086	2,068,058	-	(2,757,080)
Other instruction	1,616,653	185,314	-	-	(1,431,339)
Total instruction	24,158,965	896,111	2,926,069	-	(20,336,785)
Support services:					
Pupil services	1,725,015	-	84,924	-	(1,640,091)
Instructional staff services	1,416,684	-	341,934	-	(1,074,750)
General administration services	893,614	-	-	-	(893,614)
Building administration services	1,588,802	-	-	-	(1,588,802)
Business services	874,095	-	-	-	(874,095)
Operations and maintenance	3,853,378	-	-	42,042	(3,811,336)
Pupil transportation services	2,036,328	-	145,143	-	(1,891,185)
Food service	1,620,549	647,842	1,086,772	-	114,065
Central services	325,889	717	242,254	-	(82,918)
Insurance	267,817	-	-	-	(267,817)
Community services	282,294	77,655	-	-	(204,639)
Interest on debt	1,042,153	-	72,450	-	(969,703)
Other support services	914,652	-	250	-	(914,402)
Unallocated depreciation, excluding direct	1,364,412	-	-	-	(1,364,412)
Total support services	18,205,682	726,214	1,973,727	42,042	(15,463,699)
Total governmental activities (carried forward)	\$ 42,364,647	\$ 1,622,325	\$ 4,899,796	\$ 42,042	(35,800,484)

School District of the Menomonie Area

Statement of Activities (Continued)

Year Ended June 30, 2019

<i>Functions/Programs</i>	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
		Capital	Grants and	Net Position
		Contributions	Contributions	Total
				Governmental
				Activities
Total governmental activities (brought forward)				\$ (35,800,484)
General revenues:				
Property taxes:				
General purposes				12,024,899
Debt service				3,653,987
Community services				260,000
State and federal aids not restricted to specific functions:				
General				22,619,933
Other				342,797
Interest and investment earnings				227,194
Miscellaneous				746,721
Gain on disposal of assets				29,935
Total general revenues				39,905,466
Change in net position				4,104,982
Net position - Beginning of year				27,405,085
Net position - End of year				\$ 31,510,067

See accompanying notes to financial statements.

Fund Financial Statements

School District of the Menomonie Area

Governmental Funds - Balance Sheet

June 30, 2019

<i>Assets</i>	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 11,487,833	\$ 1,746,547	\$ 1,393,775	\$ 14,628,155
Receivables:				
Taxes	5,492,019	-	-	5,492,019
Accounts	55,489	-	2,235	57,724
Due from other funds	212,662	1,751,612	-	1,964,274
Due from other governments	1,035,945	-	92,734	1,128,679
Prepaid items	19,505	-	-	19,505
Inventory	-	-	7,468	7,468
TOTAL ASSETS	\$ 18,303,453	\$ 3,498,159	\$ 1,496,212	\$ 23,297,824
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
Liabilities:				
Accounts payable	\$ 236,205	\$ -	\$ 26,743	\$ 262,948
Accrued liabilities:				
Payroll, payroll taxes, insurance	3,192,489	-	7,466	3,199,955
Claims incurred but not reported	325,000	-	-	325,000
Unearned revenue	-	-	23,626	23,626
Deposits	-	-	11,042	11,042
Due to other governments	72	-	-	72
Due to other funds	2,278,420	-	3,254	2,281,674
Total liabilities	6,032,186	-	72,131	6,104,317
Deferred inflows of resources:				
Unavailable revenue - other revenue	-	-	24,622	24,622
Fund balances:				
Nonspendable:				
Prepays	19,505	-	-	19,505
Inventory	-	-	7,468	7,468
Restricted:				
Debt service	-	-	499,280	499,280
Self insurance	2,789,519	-	-	2,789,519
Capital projects	-	3,498,159	-	3,498,159
Food service	-	-	258,875	258,875
Donations	-	-	633,836	633,836
Assigned for community service	142,580	-	-	142,580
Unassigned	9,319,663	-	-	9,319,663
Total fund balances	12,271,267	3,498,159	1,399,459	17,168,885
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,303,453	\$ 3,498,159	\$ 1,496,212	\$ 23,297,824

School District of the Menomonee Area

Governmental Funds - Balance Sheet (Continued)

June 30, 2019

Total net position reported for governmental activities in the statement of net position is different from the amount reported on the previous page as total governmental fund balances because:

Total fund balances - Governmental funds (previous page)	\$	17,168,885
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital assets	\$	84,786,856	
Governmental accumulated depreciation		(28,843,649)	55,943,207

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

Net pension liability - District pension plan	(2,107,531)		
Net pension liability - WRS	(4,390,492)		
Net OPEB liability - District OPEB plan	(3,887,933)		
Deferred inflows of resources related to pensions - District pension plan	(149,639)		
Deferred inflows of resources related to pensions - WRS	(6,044,496)		
Deferred inflows of resources related to OPEB - District OPEB plan	(1,619,520)		
Deferred outflows of resources related to pensions - District pension plan	184,788		
Deferred outflows of resources related to OPEB - District OPEB plan	188,074		
Deferred outflows of resources related to pension - WRS	11,403,244		(6,423,505)

The deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized in the governmental activities.

(102,125)

Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

24,622

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

(364,670)

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

Bonds and notes payable	(34,185,000)		
Capital leases payable	(118,027)		
Compensated absences	(81,480)		
Accrued interest on long-term debt	(351,840)		(34,736,347)

Net position - Governmental activities	\$	31,510,067
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See accompanying notes to financial statements.

School District of the Menomonie Area
Governmental Funds - Statement of Revenues, Expenditures,
and Changes in Fund Balances

Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local	\$ 12,813,679	\$ 76,918	\$ 4,693,602	\$ 17,584,199
Interdistrict	699,356	-	-	699,356
Intermediate	13,000	-	-	13,000
State	24,885,513	-	32,176	24,917,689
Federal	1,828,440	-	1,054,596	2,883,036
Other	269,963	-	74,253	344,216
Total revenues	40,509,951	76,918	5,854,627	46,441,496
Expenditures:				
Instruction:				
Regular instruction	16,398,309	-	96,665	16,494,974
Vocational instruction	808,512	-	2,093	810,605
Special instruction	5,121,475	-	-	5,121,475
Other instruction	1,673,670	-	43,180	1,716,850
Total instruction	24,001,966	-	141,938	24,143,904
Support services:				
Pupil services	1,663,761	-	-	1,663,761
Instructional staff services	1,522,422	-	123,621	1,646,043
General administration services	835,685	-	-	835,685
Building administration services	1,805,443	-	-	1,805,443
Business services	889,247	-	-	889,247
Operations and maintenance	3,633,858	3,894	8,695	3,646,447
Pupil transportation	2,019,991	-	3,748	2,023,739
Food services	-	-	1,623,347	1,623,347
Central services	224,679	-	-	224,679
Insurance	267,817	-	-	267,817
Debt services:				
Principal	114,047	-	2,735,000	2,849,047
Interest	8,099	-	1,119,098	1,127,197
Other support services	871,702	-	7,948	879,650
Community service	282,294	-	-	282,294
Total support services	14,139,045	3,894	5,621,457	19,764,396
Total expenditures	38,141,011	3,894	5,763,395	43,908,300

School District of the Menomonie Area
Governmental Funds - Statement of Revenues, Expenditures,
and Changes in Fund Balances (Continued)

Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	\$ 2,368,940	\$ 73,024	\$ 91,232	\$ 2,533,196
Other financing sources (uses):				
Transfers in	-	1,751,612	97,948	1,849,560
Transfers out	(1,833,360)	-	(16,200)	(1,849,560)
Proceeds from sale of capital assets	60,375	-	-	60,375
Net other financing sources (uses)	(1,772,985)	1,751,612	81,748	60,375
Net change in fund balances	595,955	1,824,636	172,980	2,593,571
Fund balances - Beginning of year	11,675,312	1,673,523	1,226,479	14,575,314
Fund balances - End of year	\$ 12,271,267	\$ 3,498,159	\$ 1,399,459	\$ 17,168,885

See accompanying notes to financial statements.

School District of the Menomonie Area

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

Year Ended June 30, 2019

Total net change in fund balances - Governmental funds \$ 2,593,571

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

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

Capital outlays reported in governmental fund statements	\$ 1,120,880
Depreciation expense reported in statement of activities	(2,340,457)

Amount by which depreciation is greater than capital outlay in the current period	(1,219,577)
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Some employee benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in net OPEB liability - District OPEB plan	1,020,305
Change in net pension asset - WRS	(3,715,853)
Change in net pension liability - WRS	(4,390,492)
Change in net pension liability - District pension plan	156,281
Change in deferred outflows of resources related to pensions - WRS	5,106,654
Change in deferred outflows of resources related to pensions - District pension plan	(26,483)
Change in deferred outflows of resources related to OPEB - District OPEB plan	119,367
Change in deferred inflows of resources related to pensions - WRS	1,270,965
Change in deferred inflows of resources related to pensions - District pension plan	42,971
Change in deferred inflows of resources related to OPEB - District OPEB plan	231,360

Amounts earned are greater than amounts paid	(184,925)
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Unpaid compensated absences are a liability of the governmental funds only if the employee has resigned or retired.

Amount by which the liability for sick pay changed in the current year	14,065
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Repayment of principal on long-term obligations is reported in the governmental funds as an expenditure but is reported as a reduction in long-term obligations in the statement of net position and does not affect the statement of activities.

The amount of principal payments on long-term obligations in the current year	2,849,047
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School District of the Menomonee Area
Governmental Funds - Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities (Continued)
Year Ended June 30, 2019

The District disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net position as a net loss. There is no effect on the governmental funds balance sheet.

The value of capital assets disposed of during the year	\$ (193,071)
The amount of depreciation recaptured for the year	162,631

The difference in the value of assets net of recaptured depreciation creates a loss	(30,440)
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In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period	1,119,098
The amount of interest accrued during the current period	(1,093,001)

Interest paid is greater than interest accrued by	26,097
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Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Change in premium	77,295
Change in discount	(4,881)
Change in deferred amount on refunding	(13,467)

The net effect of these differences in the current year	58,947
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Receivables not currently available are reported as unavailable in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements

The net effect of these differences in the current year	(1,803)
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Change in net position - Governmental activities	\$ 4,104,982
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See accompanying notes to financial statements.

School District of the Menomonie Area

Fiduciary Funds - Statement of Net Position

June 30, 2019

	(Scholarship Trust)		
	Private-Purpose Trust Fund	Employee Benefit Trust Fund	Agency Fund
Assets:			
Cash and investments	\$ 1,988	\$ 5,524,829	\$ 237,494
Due from other funds	-	530,062	-
TOTAL ASSETS	\$ 1,988	\$ 6,054,891	\$ 237,494
Liabilities:			
Due to student organizations	\$ -	\$ -	\$ 237,494
Due to other funds	-	212,662	-
TOTAL LIABILITIES	-	212,662	\$ 237,494
Net position:			
Restricted for scholarships	1,988	-	
Restricted for other postemployment and pension benefits	-	5,842,229	
TOTAL NET POSITION	1,988	5,842,229	
TOTAL NET POSITION AND LIABILITIES	\$ 1,988	\$ 6,054,891	

See accompanying notes to financial statements.

School District of the Menomonie Area

Fiduciary Funds - Statement of Changes in Net Position

Year Ended June 30, 2019

	(Scholarship Trust) Private-Purpose Trust Fund	Employee Benefit Trust- Pension
Additions:		
Employer contributions	\$ -	\$ 1,919,993
Retiree contributions	-	54,408
Interest	-	83,376
Total additions	-	2,057,777
Deductions:		
Postemployment benefits	-	1,353,410
Total deductions	-	1,353,410
Change in net position	-	704,367
Net position - Beginning of year	1,988	5,137,862
Net position - End of year	\$ 1,988	\$ 5,842,229

See accompanying notes to financial statements.

School District of the Menomonie Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

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

Reporting Entity

The School District of the Menomonie Area is organized as a common school district. The District, governed by a nine-member elected school board, operates grades pre-kindergarten through 12 and is comprised of all or part of 15 taxing districts.

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

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

School District of the Menomonie Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

School District of the Menomonee Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

- General Fund – This is the District’s primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund, including educational programs for students with disabilities as well as programs provided to the community as a whole.
- Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following nonmajor governmental funds:

- Debt Service Fund - This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental activities, including amounts accumulated for principal and interest maturing in future years.
- Donations Fund - This fund is used to account for gifts and donations that have been restricted by private parties for specific purposes.
- Food Service Fund - This fund is used to account for financial resources that are restricted to expenditure in the District's breakfast and lunch program.

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

Measurement Focus and Basis of Accounting

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

School District of the Menomonie Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

Use of Estimates

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

Deposits and Investments

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

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

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

School District of the Menomonie Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deposits and Investments (Continued)

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

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

All investments are stated at fair market value except, for the investment in the local government investment pool and the AUL annuity contracts, which are reported on a cost-based measure.

Fair Value Measurements

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

Receivables and Payables

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

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

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories, other than those in the food service fund, are recorded as expenditures when purchased rather than when consumed. Year-end inventory was deemed material in only the food service fund. Prepaid items represent payments made by the District for which benefits extend beyond June 30 and health reimbursement account (HRA) forfeitures which will be used to offset future HRA contributions.

School District of the Menomonie Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

Capital assets not being depreciated include land.

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

Long-Term Obligations

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

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

School District of the Menomonee Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources and District contributions subsequent to the measurement date of the collective net pension liability (asset) for the WRS plan, as well as deferred outflows related to its own District pension and OPEB plans.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is unavailable revenue, which arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from federal government interest subsidies on qualifying promissory notes. The second is deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to the WRS pension plan, as well as deferred inflows related to its own District pension and OPEB plans. The third is the deferred amount on refunding that results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Compensated Absences - Non-exempt staff without individual contracts, who are at least 55 years old upon retirement and have at least 15 years' experience as an employee of the District by June 30, 2022, can elect to stay with the benefits outlined in the most recent collectively bargained agreement between the District and the AFSCME and WCEA para-educator unions, which expired on June 30, 2012. Employees formerly covered by the AFSCME collectively bargained agreement will receive \$5 per hour of unused sick leave toward health insurance premiums or a cash settlement, for up to 960 hours after first accumulating 960 hours. Employees formerly covered by the para-educator collectively bargained agreement will receive \$15 per hour for accumulated sick leave up to a maximum of 960 hours as a separation benefit. In addition, the District's policy allows employees to earn varying amounts of vacation pay for each year employed, accumulating to a vested amount of 4 weeks (160 hours). Upon retirement or termination of employment, the employee is entitled to payment. Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave and vacation pay is included in the compensated absences liability at year-end. An estimate of the value of these future accumulated sick leave benefits is recognized as a long-term liability and future vacation pay is recognized as a current liability in the statement of net position.

School District of the Menomonee Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts (Continued)

Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District OPEB plan and additions to/deductions from District fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments in AUL annuity contracts are reported on a cost-based measure.

District Pension Plans - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and the District defined benefit pension plan and additions to/deductions from the WRS' fiduciary net position and the District defined benefit pension plan's fiduciary net position have been determined on the same basis as they are reported by the WRS and the District defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for the investments in AUL annuity contracts, which are reported on a cost-based measure.

Restricted Assets

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

Net Position

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

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

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

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

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

School District of the Menomonie Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances

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

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

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

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

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

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

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

Property Tax Levy

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

School District of the Menomonie Area

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property Tax Levy (Continued)

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

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

Subsequent Events

Subsequent events have been evaluated through December 2, 2019, which is the date the financial statements were available to be issued.

Note 2: Stewardship and Accountability

Limitation on School District Revenues

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

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

School District of the Menomonee Area

Notes to Financial Statements

Note 3: Cash and Investments

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2019, none the District's bank balance of \$8,516,658 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

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

Concentration of Credit Risk: For an investment, concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have an investment policy for concentration of credit risk. More than 5% of the District's investments are in annuity contracts with American United Life Insurance Company. These investments are 44.3% of the District's total investments. The investments with American United Life Insurance Company also represent 100.0% of the total investments reported in the Employee Benefit Trust Fund.

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

	Maturities	Fair Value
Local Government Investment Pool Fund	16-day average	\$ 6,944,598
U.S. Treasury Bond		1,000
AUL Annuity Contract		5,524,828
Total investments		12,470,426
Net cash deposits with financial institutions carrying amount		7,921,265
Petty cash		775
Less - Cash and investments held by fiduciary funds		(5,764,311)
Cash and investments reported on statement of net position		\$ 14,628,155

School District of the Menomonee Area

Notes to Financial Statements

Note 3: Cash and Investments (Continued)

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

Fair Value Measurements (Assets and Liabilities Measured at Fair Value)

This District has the following recurring fair value measurements as of June 30, 2019:

- U.S. Treasury bonds of \$1,000 are valued using Level 2 inputs.

Note 4: Interfund Balances and Activity

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

<i>Due From:</i>	<u>Due To:</u>			Total
	General Fund	Capital Projects Fund	Employee Benefit Trust Fund	
General Fund	\$ -	\$ 1,751,612	\$ 526,808	\$ 2,278,420
Food Service Fund	-	-	3,254	3,254
Employee Benefit Trust Fund	212,662	-	-	212,662
Total	\$ 212,662	\$ 1,751,612	\$ 530,062	\$ 2,494,336

The payable from the Employee Benefit Trust Fund to the General Fund is for unreimbursed postemployment benefits paid by the General Fund. The payable from the General Fund and the Food Service Fund to the Employee Benefit Trust Fund represent contributions to the trust that weren't physically completed by year-end. The payable from the General Fund to the Capital Projects Fund is to make a funding contribution for the long-term projects of the District.

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

School District of the Menomonie Area

Notes to Financial Statements

Note 4: Interfund Balances and Activity (Continued)

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

<i>Transfer From:</i>	Transfer To:			Total
	Debt Service Fund	Capital Projects Fund	Food Service	
General Fund	\$ 73,800	\$ 1,751,612	\$ 7,948	\$ 1,833,360
Food Service Fund	16,200	-	-	16,200
Total	\$ 90,000	\$ 1,751,612	\$ 7,948	\$ 1,849,560

The purpose for the interfund transfer to the Debt Service Fund is to make the long-term debt payments relating to technology upgrades, building improvements, and equipment for the food service department. The purpose for the interfund transfer to the Capital Projects Fund is to fund the District's long-term capital improvement plan. The purpose for the interfund transfer to the Food Service Fund is to cover uncollectible accounts.

School District of the Menomonie Area

Notes to Financial Statements

Note 5: Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 806,600	\$ -	\$ -	\$ 806,600
Total capital assets not being depreciated	806,600	-	-	806,600
Capital assets being depreciated:				
Land improvements	2,636,678	36,785	-	2,673,463
Buildings and building improvements	76,577,740	302,054	-	76,879,794
Furniture and equipment	3,838,029	782,041	(193,071)	4,426,999
Total capital assets being depreciated	83,052,447	1,120,880	(193,071)	83,980,256
Less accumulated depreciation for:				
Land improvements	(847,113)	(98,038)	-	(945,151)
Buildings and building improvements	(23,988,135)	(1,847,075)	-	(25,835,210)
Furniture and equipment	(1,830,575)	(395,344)	162,631	(2,063,288)
Total accumulated depreciation	(26,665,823)	(2,340,457)	162,631	(28,843,649)
Total capital assets, being depreciated - Net of accumulated depreciation	56,386,624	(1,219,577)	(30,440)	55,136,607
Governmental activities capital assets - Net	\$ 57,193,224	\$ (1,219,577)	\$ (30,440)	\$ 55,943,207

School District of the Menomonee Area

Notes to Financial Statements

Note 5: Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Regular instruction	\$ 16,459
Vocational instruction	3,361
Special education instruction	214
Other instruction	7,432
Pupil services	1,283
Instructional staff services	32,569
General administration services	16,759
Building administration services	427
Operations and maintenance of plant	775,722
School food service program	20,893
Central services	100,926
Depreciation not charged to a specific function	1,364,412
<hr/>	
Total depreciation for governmental activities	\$ 2,340,457

Note 6: Long-Term Obligations

Long-term obligations of the District are as follows:

	Balance 07/01/18	Additions	Reductions	Balance 06/30/19	Amounts Due Within One Year
Bonds	\$ 29,230,000	\$ -	\$ 1,130,000	\$ 28,100,000	\$ 1,165,000
Plus unamortized premium	446,846	-	77,295	369,551	-
Less unamortized discount	(9,762)	-	(4,881)	(4,881)	-
Notes	7,690,000	-	1,605,000	6,085,000	1,630,000
<hr/>					
Subtotals	37,357,084	-	2,807,414	34,549,670	2,795,000
Capital leases	232,074	-	114,047	118,027	118,027
Compensated absences	95,545	81,480	95,545	81,480	62,971
<hr/>					
Totals	\$ 37,684,703	\$ 81,480	\$ 3,017,006	\$ 34,749,177	\$ 2,975,998

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

School District of the Menomonee Area

Notes to Financial Statements

Note 6: Long-Term Obligations (Continued)

General Obligation Debt

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

	Governmental Activities			Balance 06/30/19
	Issue Dates	Interest Rates %	Dates of Maturity	
Promissory note	7/26/2010	5.30%	7/26/2020	\$ 180,000
Taxable promissory notes	9/13/2010	4.28%	3/1/2020	405,000
Refunding bonds	6/28/2012	2.00% - 3.00%	3/1/2020	585,000
Improvement bonds	7/15/2013	2.00% - 5.00%	3/1/2033	1,295,000
Improvement bonds	3/3/2014	3.50% - 4.00%	3/1/2034	10,000,000
Taxable promissory notes	7/14/2014	0.00%	3/16/2024	3,040,000
Refunding bonds	1/7/2015	2.50% - 3.00%	3/1/2027	7,980,000
Promissory notes	1/7/2015	2.00% - 2.50%	3/1/2021	2,000,000
Taxable promissory notes	7/13/2015	2.00% - 3.00%	9/1/2020	460,000
Refunding bonds	12/28/2017	2.00% - 3.00%	3/1/2033	8,240,000
Total general obligation debt*				\$ 34,185,000

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,944,616,598. The legal debt limit and margin of indebtedness as of June 30, 2019, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

Legal debt limit (10% of \$1,944,616,598)	\$ 194,461,660
Deduct:	
Long-term debt* applicable to debt margin	34,185,000
Add:	
Debt service fund assets available	499,280
Margin of indebtedness	\$ 160,775,940

School District of the Menomonie Area

Notes to Financial Statements

Note 6: Long-Term Obligations (Continued)

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

<i>Governmental Activities</i>				
<i>Year Ended June 30:</i>	Principal	Interest	Totals	
2020	\$ 2,795,000	\$ 1,052,778	\$ 3,847,778	
2021	2,050,000	924,148	2,974,148	
2022	2,010,000	873,638	2,883,638	
2023	2,045,000	824,263	2,869,263	
2024	2,060,000	798,738	2,858,738	
2025-2029	11,175,000	3,303,050	14,478,050	
2030-2034	12,050,000	1,316,063	13,366,063	
Totals	\$ 34,185,000	\$ 9,092,678	\$ 43,277,678	

In prior years, the District has defeased certain outstanding bonds by placing the proceeds from new bonds into an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account and defeased debt are not included in the District's financial statements. At June 30, 2019, \$8,595,000 of outstanding bonds are considered defeased. These bonds will be called and paid from the trust on March 1, 2023.

Note 7: Leases

The District leases Chromebooks. The Chromebook lease, which expires July 15, 2019, is classified as a capital lease. Furniture and equipment includes the following amounts for the leased equipment that have been capitalized.

	2019
Furniture and equipment	\$ 354,220
Less - Accumulated amortization	(141,668)
Totals	\$ 212,552

Lease amortization is included in depreciation expense.

School District of the Menomonie Area

Notes to Financial Statements

Note 7: Leases (Continued)

Future minimum payments, by year and in the aggregate, under the capital lease with initial or remaining terms in excess of one year consisted of the following:

	Capital Lease
2020	\$ 122,146
Total minimum lease payments	122,146
Amount representing interest	(4,119)
Present value of net minimum lease payments	118,027
Less - Current maturities	118,027
Long-term obligations under capital lease	\$ -

Note 8: Employee Retirement Plans - Wisconsin Retirement System

Plan Description

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

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

Vesting

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

School District of the Menomonee Area

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)%	22.0 %
2011	(1.2)%	11.0 %
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0 %
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %

School District of the Menomonie Area

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Contributions

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

During the reporting period, the WRS recognized \$1,266,752 in contributions from the employer.

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

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

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

At June 30, 2019, the District reported a liability of \$4,390,492 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.12340863%, which was a decrease of 0.00174142% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,995,567.

School District of the Menomonie Area

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,419,528	\$ (6,044,496)
Net differences between projected and actual earnings on pension plan investments	6,412,012	-
Change in assumptions	740,076	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,604	-
Employer contributions subsequent to the measurement date	762,024	-
Total	\$ 11,403,244	\$ (6,044,496)

\$762,024 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Net Deferred Outflows (Inflows) of Resources
2020	\$ 1,667,248
2021	437,012
2022	732,402
2023	1,760,062

School District of the Menomonie Area

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2017
Measurement date of net pension liability (asset)	December 31, 2018
Actuarial cost method	Entry age
Asset valuation method	Fair value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement adjustments*	1.9%

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

Actuarial assumptions are based on an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018, is based on a rollforward of the liability calculated from the December 31, 2017, actuarial valuation.

School District of the Menomonee Area

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

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

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

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

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

School District of the Menomonee Area

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$ 17,448,275	\$ 4,390,492	\$ (5,318,982)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2019, the District reported a payable of \$444,029 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

School District of the Menomonie Area

Notes to Financial Statements

Note 9: District Pension Plan and Benefits

The District administers a single-employer defined benefit plan that provides pension benefits to eligible retirees as established by District policy. The School District Board manages the pension plan and has appointed the District Director of Business Services as trustee and MidAmerica Administrative and Retirement Solutions, Inc. as investment manager. There are 142 active plan members, 58 inactive plan members currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits. This plan is closed to new entrants.

The School Board has the authority to establish and amend the types of benefits provided through the pension plan. The District provides an early retirement stipend to employees who elect to retire beginning at age 55 with at least 15 years of service with the District. Benefits are based on employee classification, date of hire, and date of retirement. For all classes of employees the stipend shall be paid for a period of time not to exceed 60 months. The School Board determines the amount contributed to the trust. Currently the contribution equals the amount needed to pay current benefits plus an additional amount to prefund benefits, as funding is available. The plan does not issue a standalone report.

The pension plan investment policies and investment disclosures are discussed in Note 1 and Note 3. For June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.51%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Total pension liability	\$ 2,980,805
Plan fiduciary net position	(873,274)
<hr/>	
Net pension liability	<u>\$ 2,107,531</u>
Plan fiduciary net position as a percentage of the total pension liability	29.3 %

The total pension liability measured as of June 30, 2019, was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2019. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 3.50%, net of pension plan investment expense, including inflation. Mortality, disability, and retirement rates are from the WRS experience for public schools. The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study from 2012-2014.

School District of the Menomonee Area

Notes to Financial Statements

Note 9: District Pension Plan and Benefits (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, (see discussion of the pension plan's investment policy) are summarized in the following table:

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

The discount rate used to measure the total pension liability was 3.50% (down from 3.75% in the prior year), as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<i>Changes in Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2018	\$ 3,125,125	\$ 861,313	\$ 2,263,812
Changes for the year:			
Service cost	102,444	-	102,444
Interest	111,816	-	111,816
Changes in assumptions or other input	30,595	-	30,595
Contributions - Employer	-	387,374	(387,374)
Net investment income	-	13,762	(13,762)
Benefit payments	(389,175)	(389,175)	-
Net changes	(144,320)	11,961	(156,281)
Balances at June 30, 2019	\$ 2,980,805	\$ 873,274	\$ 2,107,531

School District of the Menomonie Area

Notes to Financial Statements

Note 9: District Pension Plan and Benefits (Continued)

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

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
District's net pension liability	\$ 2,231,786	\$ 2,107,531	\$ 1,986,415

For the year ended June 30, 2019, the District recognized pension expense of \$214,605. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,455	\$ (127,391)
Changes of assumptions	45,264	(22,248)
Net difference between projected and actual earnings on pension plan investments	33,069	-
Totals	\$ 184,788	\$ (149,639)

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2020	\$ 32,622
2021	32,493
2022	(12,516)
2023	(22,550)
2024	5,100

School District of the Menomonee Area

Notes to Financial Statements

Note 10: Other Postemployment Benefits

Defined Benefit Plan

The District administers a single-employer defined benefit plan that provides OPEB benefits to eligible retirees as established by District policy. The School District Board manages the OPEB plan and has appointed the District Director of Business Services as trustee and MidAmerica Administrative and Retirement Solutions, Inc. as investment manager. There are 257 active plan members, 62 inactive plan members currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits.

The School Board has the authority to establish and amend the types of benefits provided through the OPEB plan. The plan provides funds for medical benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive funds for medical benefits for up to 10 years or until they are eligible for Medicare. The School Board determines the amount contributed to the trust. Currently the contribution equals the amount needed to pay current benefits plus an additional amount to prefund benefits, as funding is available. The plan does not issue a standalone report.

The OPEB plan investment policies and investment disclosures are discussed in Note 1 and Note 3. Currently the plan is invested in AUL annuity contracts. For June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 1.65%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Total OPEB liability	\$ 8,856,888
Plan fiduciary net position	<u>(4,968,955)</u>
Net OPEB liability	<u>\$ 3,887,933</u>
Plan fiduciary net position as a percentage of the total OPEB liability	56.10 %

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2019. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 3.50%, net of OPEB plan investment expense, including inflation. The medical care trend at a rate of 7.50% decreasing by 5.00% per year down to 6.50%, then by 0.10% per year down to 5.00% and level thereafter. Actuarial assumptions are based upon an experience study conducted in 2015 using WRS experience from 2012-2014.

School District of the Menomonie Area

Notes to Financial Statements

Note 10: Other Postemployment Benefits (Continued)

Defined Benefit Plan (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019, (see discussion of the plan's investment policy) are summarized in the following table:

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

The discount rate used to measure the total OPEB liability was 3.50% (down from 3.75% in the prior year), as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

School District of the Menomonee Area

Notes to Financial Statements

Note 10: Other Postemployment Benefits (Continued)

Defined Benefit Plan (Continued)

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

<i>Changes in Net OPEB Liability</i>	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 9,184,787	\$ 4,276,549	\$ 4,908,238
Changes for the year:			
Service cost	189,581	-	189,581
Interest	330,925	-	330,925
Changes in assumptions or other input	61,422	-	61,422
Contributions - Employer	-	1,532,619	(1,532,619)
Contributions - Retiree	54,408	54,408	-
Net investment income	-	69,614	(69,614)
Benefit payments	(964,235)	(964,235)	-
Net changes	(327,899)	692,406	(1,020,305)
Balances at June 30, 2019	\$ 8,856,888	\$ 4,968,955	\$ 3,887,933

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

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
District's net OPEB liability	\$ 4,136,236	\$ 3,887,933	\$ 3,644,063

School District of the Menomonie Area

Notes to Financial Statements

Note 10: Other Postemployment Benefits (Continued)

Defined Benefit Plan (Continued)

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

	1% Decrease (6.5% decreasing to 4.0%)	Health Care Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase to (8.5% decreasing to 6.0%)
District's net OPEB liability	\$ 3,654,608	\$ 3,887,933	\$ 4,133,558

For the year ended June 30, 2019, the District recognized OPEB expense of \$161,587. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,521,496)
Changes of assumptions or other input	54,597	(98,024)
Net difference between projected and actual earnings on OPEB plan investments	133,477	-
Total	\$ 188,074	\$ (1,619,520)

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2020	\$ (186,871)
2021	(186,871)
2022	(186,872)
2023	(204,049)
2024	(224,535)
Thereafter	(442,248)

School District of the Menomonee Area

Notes to Financial Statements

Note 10: Other Postemployment Benefits (Continued)

Defined Contribution Plan

Based on individual contracts, the District also provides OPEB benefits to its employees through a defined contribution plan. The District will contribute up to 6% of the eligible employee's salary into a Health Reimbursement Arrangement (HRA) account. After the seventh year of employment, the employee becomes fully vested in the account. Amounts contributed on behalf of employees who leave prior to fully vesting, remain in the plan to be offset against future District required contributions. In accordance with these requirements, the District contributed \$559,173 during the current year, and no contributions were made by employees. The plan is administered by National Insurance Services.

Note 11: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation. The District insures through commercial insurance companies for all risks of loss, except for health and dental care. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal year 2019.

The District has retained the risk of loss for its health program. The plan is accounted for in the General Fund of the District as required by the Department of Public Instruction. A third-party administrator is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. As part of the health care coverage, the District purchases stop-loss coverage, which pays claims in excess of \$80,000 per individual and/or 125% of the annual estimated claims as provided by Medica. For the year ended June 30, 2019, the aggregate claims limit was \$5,856,854.

At June 30, 2019, the District has recorded a \$1,120,116 liability, which represents accrued health insurance premiums for the current contract year and estimated outstanding claims incurred that were reported and unreported on or before June 30, 2019. This amount consists of accrued health insurance benefits for the current contract year of \$795,116 and outstanding claims, which were reported and unreported to the Plan Administrator of \$325,000. The amounts of reported and unreported claims for the District were estimated by the District.

	2019	2018
Unpaid claims at beginning of year	\$ 425,000	\$ 300,000
Current year claims	6,182,061	5,696,367
Claim payments	(6,282,061)	(5,571,367)
Unpaid claims at end of year	\$ 325,000	\$ 425,000

School District of the Menomonie Area

Notes to Financial Statements

Note 12: Jointly Governed Organization

The District is served by Cooperative Education Service Agency No. 11 (CESA). CESA is a regional service entity organized to serve the educational needs of 39 school districts in all or parts of Barron, Buffalo, Burnett, Chippewa, Dunn, Eau Claire, Pepin, Pierce, Polk, Rusk, St. Croix, Sawyer, and Washburn Counties. CESA is governed by an 11-member board of control elected from a delegate assembly, which consists of one school board member from each of the school districts in the CESA region, with special provisions made for areas served by union high/K-8 districts. Participating school districts have neither an ongoing financial interest nor responsibility. The District purchased \$150,116 of education services during the fiscal year. At June 30, 2019, due from other governments included \$1,104 to be received from CESA.

Required Supplementary Information

School District of the Menomonie Area

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
	Revenues:			
Local	\$ 12,310,797	\$12,350,797	\$12,476,024	\$ 125,227
Interdistrict	573,619	593,750	591,270	(2,480)
Intermediate	7,700	7,700	13,000	5,300
State	23,604,650	23,647,804	23,588,134	(59,670)
Federal	841,510	994,837	943,004	(51,833)
Other	192,500	314,855	269,913	(44,942)
Total revenues	37,530,776	37,909,743	37,881,345	(28,398)
Expenditures:				
Instruction:				
Undifferentiated curriculum	6,791,226	6,790,415	6,213,471	576,944
Regular curriculum	8,174,967	8,318,023	8,317,966	57
Vocational instruction	966,773	968,510	808,512	159,998
Physical curriculum	946,139	946,139	943,844	2,295
Co-curricular activities	689,849	729,923	729,826	97
Other special needs	411,067	411,567	304,574	106,993
Total instruction	17,980,021	18,164,577	17,318,193	846,384
Support services:				
Pupil services	961,900	962,050	911,522	50,528
Instructional staff services	1,682,903	1,705,300	1,308,551	396,749
General administration services	942,693	942,693	835,685	107,008
Building administration services	1,804,488	1,806,588	1,805,443	1,145
Business services	6,706,744	6,675,930	6,267,809	408,121
Central services	385,822	221,797	221,796	1
Insurance	295,818	295,818	267,817	28,001
Debt service	122,146	122,146	122,146	-
Other support services	759,293	825,157	825,157	-
Total support services	13,661,807	13,557,479	12,565,926	991,553
Non-program transactions:				
Purchased instructional services	1,715,394	1,866,873	1,866,873	-
Other nonprogram transactions	13,000	32,469	32,468	1
Total non-program transactions	1,728,394	1,899,342	1,899,341	1
Total expenditures	33,370,222	33,621,398	31,783,460	1,837,938

School District of the Menomonie Area
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2019

	Original	Final	Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
Excess of revenues over expenditures	\$ 4,160,554	\$ 4,288,345	\$ 6,097,885	\$ 1,809,540
Other financing sources (uses):				
Transfers out	(4,164,554)	(5,592,051)	(5,592,051)	-
Proceeds from sale of capital assets	4,000	30,905	60,375	29,470
Net other financing sources (uses)	(4,160,554)	(5,561,146)	(5,531,676)	29,470
Net change in fund balance	-	(1,272,801)	566,209	1,839,010
Fund balance - Beginning of year	11,562,475	11,562,475	11,562,475	-
Fund balance - End of year	\$ 11,562,475	\$10,289,674	\$12,128,684	\$ 1,839,010

See Independent Auditor's Report.

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

School District of the Menomonie Area

Notes to the Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

Note 1: Budgetary Information

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

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

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

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

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

Note 2: Budgetary Comparisons

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

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

	General Fund Actual on Budgetary Basis	Special Education Fund	Community Service Fund	General Fund Actual on GAAP Basis
Revenues	\$ 37,881,345	\$ 2,290,951	\$ 337,655	\$ 40,509,951
Expenditures	(31,783,460)	(6,049,642)	(307,909)	(38,141,011)
Other financing sources (uses)	(5,531,676)	3,758,691	-	(1,772,985)
Net change in fund balance	\$ 566,209	\$ -	\$ 29,746	\$ 595,955

School District of the Menomonee Area

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

Last 10 Years*

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

Last 10 Calendar Years*

Measurement Date December 31,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	Districts Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.12340863 %	\$ 4,390,492	\$ 18,788,094	23.37 %	96.45 %
2017	0.12515005	(3,715,853)	18,296,793	(20.31)	102.93
2016	0.12907995	1,063,927	18,048,639	5.89	99.12
2015	0.13217146	2,147,761	18,109,800	11.86	98.20
2014	0.13384425	(3,287,581)	18,863,936	(17.43)	102.74

Schedule of the Employer Contributions Wisconsin Retirement System (WRS)

Last 10 Fiscal Years*

Year Ended June 30,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2019	\$ 1,266,752	\$ 1,266,752	\$ -	\$ 19,167,202	6.61 %
2018	1,246,268	1,246,268	-	18,492,969	6.74
2017	1,219,784	1,219,784	-	18,146,500	6.72
2016	1,207,716	1,207,716	-	18,082,820	6.68
2015	1,254,486	1,254,486	-	18,234,773	6.88

Notes to the Schedules:

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

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

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

See Independent Auditor's Report.

School District of the Menomonie Area
Schedule of Changes in the Employer's Net Pension
Liability and Related Ratios - District Pension Plan
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total pension liability:						
Service cost	\$ 102,444	\$ 145,409	\$ 140,131	\$ 140,131	\$ 126,880	\$ 126,880
Interest on the total pension liability	111,816	116,191	128,123	126,580	137,937	147,321
Differences between expected and actual experience	-	(191,085)	-	319,367	-	-
Changes of assumptions on other inputs	30,595	3,012	35,523	(66,744)	-	-
Benefit payments	(389,175)	(390,893)	(415,683)	(540,688)	(530,238)	(513,369)
Net change in total pension liability	(144,320)	(317,366)	(111,906)	(21,354)	(265,421)	(239,168)
Total pension liability - Beginning	3,125,125	3,442,491	3,554,397	3,575,751	3,841,172	4,080,340
Total pension liability - Ending	\$ 2,980,805	\$ 3,125,125	\$ 3,442,491	\$ 3,554,397	\$ 3,575,751	\$ 3,841,172
Plan fiduciary net position:						
Contributions - Employer	387,374	\$ 390,091	\$ 1,206,807	\$ 541,613	\$ 524,573	\$ 560,761
Net investment income	13,762	11,334	1,377	1,459	2,207	1,109
Benefit payments, including refunds of employee contributions	(389,175)	(390,893)	(415,683)	(540,688)	(530,238)	(564,554)
Net change in plan fiduciary net position	11,961	10,532	792,501	2,384	(3,458)	(2,684)
Plan fiduciary net position - Beginning	861,313	850,781	58,280	55,896	59,354	62,038
Plan fiduciary net position - Ending	873,274	\$ 861,313	\$ 850,781	\$ 58,280	\$ 55,896	\$ 59,354
District's net pension liability - Ending	\$ 2,107,531	\$ 2,263,812	\$ 2,591,710	\$ 3,496,117	\$ 3,519,855	\$ 3,781,818

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

	2019	2018	2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	29.30 %	27.56 %	24.71 %	1.64 %	1.56 %	1.55 %
Covered payroll	\$ 7,959,392	\$ 7,959,392	\$ 9,492,192	\$ 9,492,192	\$ 10,799,934	\$ 17,588,728
District's net pension liability as a percentage of covered payroll	26.48 %	28.44 %	27.30 %	36.83 %	32.59 %	21.50 %

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

See Independent Auditor's Report.

School District of the Menomonie Area
Schedule of Employer Contributions - District Pension Plan
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 398,152	\$ 361,819	\$ 1,509,903	\$ 382,539	\$ 380,365	\$ 380,365
Contributions in relation to the actuarially determined contribution	387,374	390,091	1,206,807	541,613	524,573	560,761
Contribution deficiency (excess)	\$ 10,778	\$ (28,272)	\$ 303,096	\$ (159,074)	\$ (144,208)	\$ (180,396)
Covered payroll	\$ 7,959,392	\$ 7,959,392	\$ 9,492,192	\$ 9,492,192	\$ 10,799,934	\$ 17,588,728
Contributions as a percentage of covered payroll	4.87 %	4.90 %	12.71 %	5.71 %	4.86 %	3.19 %

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

See Independent Auditor's Report.

School District of the Menomonie Area

Schedule of Investment Returns - District Pension Plan

Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	1.51 %	1.40 %	1.55 %	1.30 %	1.83 %	1.82 %

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

See Independent Auditor's Report.

School District of the Menomonie Area

Notes to Required Supplementary Information - District Pension Plan

Year Ended June 30, 2019

Note 1: Valuation Date

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

Note 2: Methods and Assumptions Used to Determine Contribution Rates

Measurement date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial cost method:	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Unit credit
Amortization method:	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period:	13 years	13 years	3 years	25 years	30 years
Asset valuation method:	Market value	Market value	Market value	Market value	Market value
Inflation:	2.5%	2.5%	2.5%	2.5%	4.0%
Salary increases:	3.0%	3.0%	3.0%	3.0%	4.0%
Investment rate of return:	3.50%	3.75%	3.5%	3.75%	5.0%
Retirement age:	WRS 2012 mortality table	WRS 2012 mortality table	WRS 2012 mortality table	Not listed	Not listed
Mortality:	WRS 2012 mortality table	WRS 2012 mortality table	WRS 2012 mortality table	Not listed	Not listed

Note 3: Changes in Benefits

There were no changes in benefits.

School District of the Menomonie Area

Schedule of Changes in the Employer's Net OPEB

Liability and Related Ratios - District OPEB Plan

Last 10 Fiscal Years*

	2019	2018	2017
Measurement date	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability:			
Service cost	\$ 189,581	\$ 230,205	\$ 230,205
Interest	330,925	396,453	407,445
Employee contributions	54,408	-	37,095
Differences between expected and actual experience	-	(1,956,208)	-
Changes of assumptions or other input	61,422	(126,033)	-
Benefit payments including refunds of member contributions	(964,235)	(1,143,458)	(797,098)
Net change in total OPEB liability	(327,899)	(2,599,041)	(122,353)
Total OPEB liability - Beginning	9,184,787	11,783,828	11,906,181
Total OPEB liability - Ending	\$ 8,856,888	\$ 9,184,787	\$ 11,783,828
Plan fiduciary net position:			
Contributions - Employer	\$ 1,532,619	\$ 2,989,116	\$ 1,821,210
Contributions - Retiree	54,408	68,029	37,095
Net investment income	69,614	37,210	32,126
Benefit payments, including refunds of employee contributions	(964,235)	(1,143,458)	(797,098)
Net change in plan fiduciary net position	692,406	1,950,897	1,093,333
Plan fiduciary net position - Beginning	4,276,549	2,325,652	1,232,319
Plan fiduciary net position - Ending	\$ 4,968,955	\$ 4,276,549	\$ 2,325,652
District's net OPEB liability - Ending	\$ 3,887,933	\$ 4,908,238	\$ 9,458,176
Plan fiduciary net position as a percentage of the total OPEB liability	56.10 %	46.56 %	19.74 %
Covered-employee payroll	\$ 12,989,639	\$ 12,989,639	\$ 7,800,467
District's net OPEB liability as a percentage of covered-employee payroll	29.93 %	37.79 %	121.25 %

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

See Independent Auditor's Report.

School District of the Menomonee Area
Schedule of Employer Contributions - District OPEB Plan
 Last 10 Fiscal Years*

	2019	2018	2017
Actuarially determined contribution	\$ 1,587,027	\$ 3,588,771	\$ 1,878,080
Contributions in relation to the actuarially determined contribution	1,532,619	3,057,145	1,821,210
Contribution deficiency (excess)	\$ 54,408	\$ 531,626	\$ 56,870
Covered-employee payroll	\$ 12,989,639	\$ 12,989,639	\$ 7,800,467
Contributions as a percentage of covered-employee payroll	11.80 %	23.54 %	23.35 %

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

See Independent Auditor's Report.

School District of the Menomonee Area

Schedule of Investment Returns - District OPEB Plan

Last 10 Fiscal Years*

	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	1.65 %	1.42 %	1.97 %

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

See Independent Auditor's Report.

School District of the Menomonie Area

Notes to Required Supplementary Information - District OPEB Plan

Year Ended June 30, 2019

Note 1: Valuation date

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

Note 2: Methods and Assumptions Used to Determine Contribution Rates

Valuation date:	June 30, 2017	July 1, 2015
Actuarial cost method:	Entry age normal, level percent of salary	Entry age normal, level percent of salary
Amortization method:	Level dollar	Level dollar
Remaining amortization period:	3 years	8 years
Asset valuation method:	Market value	Market value
Inflation:	2.5%	3.0%
Health care trend rates:	7.50% initial, decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter	7.50% initial, decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Salary increases:	3.0%, average, including inflation	3.0%, average, including inflation
Investment rate of return:	3.75%	3.5%
Trend and retirement:	Wisconsin Retirement System (WRS) experience study from 2012- 2014	All of the demographic assumptions used in this actuarial study are approximately the same as those used in the December 31, 2013, Wisconsin Retirement System (WRS) annual report.

Note 3: Changes in Benefits

There were no changes in benefits.

Supplementary Financial Information

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

<i>Assets</i>	Balance 07/01/18	Additions	Deductions	Balance 06/30/19
Cash	\$ 241,054	\$ 368,884	\$ 372,444	\$ 237,494
TOTAL ASSETS	\$ 241,054	\$ 368,884	\$ 372,444	\$ 237,494
<i>Liabilities</i>				
Due to student organizations:				
Oaklawn Elementary	\$ 1,593	\$ 3,447	\$ 4,375	\$ 665
River Heights Elementary	5,411	-	5,411	-
Knapp Elementary	1,425	408	686	1,147
Wakanda Elementary	3,094	-	3,094	-
Downsville Elementary	3,168	2,842	3,874	2,136
Middle school	43,526	77,288	73,936	46,878
High school	182,837	284,899	281,068	186,668
TOTAL LIABILITIES	\$ 241,054	\$ 368,884	\$ 372,444	\$ 237,494

See Independent Auditor's Report.

School District of the Menomonie Area

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE							
Wisconsin Department of Public Instruction							
Child Nutrition Cluster:							
School Breakfast Program July 1, 2018-June 30, 2019	10.553	2019-173444-SB-Severe-546	\$ 6,618	\$ 258,435	\$ 259,092	\$ 7,275	-
National School Lunch Program (Cash Assistance) July 1, 2018-June 30, 2019	10.555	2019-173444-NSL-547	14,259	577,667	578,660	15,252	-
National School Lunch Program (Non-Cash Assistance) July 1, 2018-June 30, 2019	10.555	2019-173444-NSL-547	-	98,054	98,054	-	-
National School Lunch Area Eligible Snack Program July 1, 2018-June 30, 2019	10.555	2019-173444-NSLAE-566	90	4,229	4,139	-	-
TOTAL 10.555			14,349	679,950	680,853	15,252	-
Special Milk Program for Children July 1, 2018-June 30, 2019	10.556	2019-173444-SMP-588	20	1,044	1,024	-	-
Summer Food Service Program July 1, 2018-June 30, 2019	10.559	2019-173444-SFSP-586	46,507	100,459	99,537	45,585	-
TOTAL CHILD NUTRITION CLUSTER			67,494	1,039,888	1,040,506	68,112	-
National School Lunch Program Equipment July 1, 2018-June 30, 2019	10.579	2019-173444-Equip-531	-	14,090	14,090	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			67,494	1,053,978	1,054,596	68,112	-

School District of the Menomonee Area

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction							
Special Education Cluster (IDEA)							
Special Education Grants to State July 1, 2018-June 30, 2019	84.027	2019-173444-IDEA-FT-341	\$ 262,135	\$ 692,552	\$ 675,092	\$ 244,675	-
Special Education Preschool Grants July 1, 2018-June 30, 2019	84.173	2019-173444-IDEA-PS-347	9,061	26,836	23,695	5,920	-
Total Special Education Cluster (IDEA)			271,196	719,388	698,787	250,595	-
Title I Grants to Local Educational Agencies July 1, 2018-June 30, 2019	84.010	2019-173444-TIA -141	239,431	657,245	638,602	220,788	-
English Language Acquisition State Grant July 1, 2018-June 30, 2019	84.365	2019-173444-TIIIA-391	1,839	15,694	18,251	4,396	-
Improving Teacher Quality State Grants July 1, 2018-June 30, 2019	84.367	2019-173444-TIIIA-365	45,454	120,399	101,368	26,423	-
Student Support and Academic Enrichment Grants July 1, 2018-June 30, 2019	84.424	2019-173444-TIVA-381	1,300	20,551	24,554	5,303	-

School District of the Menomonie Area

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION (Continued)							
Career and Technical Education -							
Basic Grants to States							
July 1, 2018-June 30, 2019	84.048	2019-173444-CTE-400	\$ 19,248	\$ 24,485	\$ 27,342	\$ 22,105	\$ -
TOTAL U.S. DEPARTMENT OF EDUCATION			578,468	1,557,762	1,508,904	529,610	-
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Wisconsin Department of Public Instruction							
Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School-Based Surveillance							
July 1, 2017-June 30, 2018	93.079	2018-173444-WILY-334	1,036	1,036	-	-	-
Wisconsin Department of Health Services							
Medicaid Cluster:							
Medical Assistance Program							
July 1, 2018-June 30, 2019	93.778	N/A	28,973	284,827	319,536	63,682	-
TOTAL MEDICAID CLUSTER			30,009	285,863	319,536	63,682	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			30,009	285,863	319,536	63,682	-
TOTAL FEDERAL AWARDS			\$ 675,971	\$ 2,897,603	\$ 2,883,036	\$ 661,404	\$ -

See Independent Auditor's Report.

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

School District of the Menomonee Area

Schedule of State Financial Assistance

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	State Identification Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount provided to Subrecipients
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Special Education and School Age Parents District Programs	255.101	173444-100	\$ -	\$ 1,270,253	\$ 1,270,253	\$ -	-
Total Special Education and School Age Parents			-	1,270,253	1,270,253	-	-
State School Lunch Aid	255.102	173444-107	-	15,425	15,425	-	-
Common School Fund Library Aid	255.103	173444-104	-	134,917	134,917	-	-
Bilingual Bicultural	255.106	173444-111	-	18,176	18,176	-	-
Gen Trans Aid for Public and NP Sch Pupils	255.107	173444-102	-	124,920	124,920	-	-
Equalization Aid	255.201	173444-116	320,761	20,377,612	20,399,603	342,752	-
High Cost Special Education	255.210	173444-119	-	15,126	15,126	-	-
Personal Electronic Computing Devices	255.296	173444-175	-	28,250	28,250	-	-
Peer Review and Mentoring	255.301	173444-141	-	-	18,797	18,797	-
State School Breakfast Aid	255.344	173444-108	-	16,752	16,752	-	-
Educator Effective Eval Sys Grants Public	255.940	173444-154	-	19,440	19,440	-	-
Career and Technical Education Incentive Grants	255.950	173444-152	-	38,000	38,000	-	-
Per Pupil Aid	255.945	173444-113	-	2,220,330	2,220,330	-	-
Assessments of Reading Readiness	255.956	173444-166	-	5,250	5,250	-	-
Aid for Special Education Transition Grant BBL	255.960	173444-168	-	12,000	12,000	-	-
Total Wisconsin Department of Public Instruction			320,761	24,296,451	24,337,239	361,549	-

School District of the Menomonie Area

Schedule of State Financial Assistance (Continued)

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	State Identification Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2018	Cash Received	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Amount provided to Subrecipients
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
CESA #10							
Chippewa Valley Youth Apprenticeship	20.445(7)(b)	N/A	-	13,000	13,000	-	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Payments in Lieu of Taxes	370.503	N/A	2,915	25,132	23,649	1,432	-
WISCONSIN DEPARTMENT OF JUSTICE							
School Safety Grant	455.206	N/A	-	189,481	200,067	10,586	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 323,676	\$ 24,524,064	\$ 24,573,955	\$ 373,567	\$ -

See Independent Auditor's Report.

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

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

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the District under programs of the federal and state government for the year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of 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 of Wisconsin Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Special Education and School Age Parents Program

2018-2019 eligible costs under the State Special Education Program were \$5,210,754.

Other Reports

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

Board of Education
School District of the Menomonie Area
Menomonie, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the Menomonie Area (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a deficiency in internal control that we consider to be a material weakness and other deficiencies in internal control that we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-003 to be significant deficiencies.

Compliance and Other Matters

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

Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 2, 2019
Eau Claire, Wisconsin

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

Board of Education
School District of the Menomonie Area
Menomonie, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the School District of the Menomonie Area (the "District")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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



Wipfli LLP

December 2, 2019
Eau Claire, Wisconsin

School District of the Menomonie Area

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	<u> X </u> Yes <u> </u> No
Significant deficiency(ies) identified?	<u> X </u> Yes <u> </u> None reported
Noncompliance material to the financial statements noted?	<u> </u> Yes <u> X </u> No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	<u> </u> Yes <u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes <u> X </u> None Reported

Type of auditor's report issued on compliance for major federal programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes <u> X </u> No
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Identification of major federal program(s)

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555, 10.556, and 10.559 84.027, 84.173	Child Nutrition Cluster Special Education Cluster (IDEA)
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	No

School District of the Menomonie Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

I. Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major state program(s):

State I.D. Number

Name of State Program

255.201

General Equalization

255.101

Special Education and School Age

Parents

School District of the Menomonie Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

II. Financial Statement Findings

2019-001: Segregation of Duties

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

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

Cause - Limited staff available and inadequate compensating controls.

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

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

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

School District of the Menomonie Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

II. Financial Statement Findings (Continued)

2019-002: Financial Accounting and Reporting

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

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

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

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

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

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

School District of the Menomonee Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

II. Financial Statement Findings (Continued)

2019-003: Adjustments

Criteria - Adjusting journal entries not prepared by the District's accounting department are considered to be an internal control weakness.

Condition - During our audit, Wipfli LLP proposed a number of adjusting journal entries. The adjusting journal entries did not have an effect on any completed grant contracts during the year. Since the District's internal controls did not discover these adjustments prior to our audit, a significant deficiency exists in the District's controls.

Cause - The District does not have policies and procedures in place to ensure that all transactions are recorded in the general ledger prior to the audit.

Effect - Proper recording and reporting of financial information may not occur within a timely manner.

Recommendation - We recommend that the individuals involved in the accounting function review the current year adjustments and take steps to eliminate them in the future.

Management's Response - The District will continue working to reduce the number of adjusting journal entries proposed by the auditor.

III. Federal Findings and Questioned Costs

None.

IV. State Findings and Questioned Costs

None.

School District of the Menomonie Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

V. Other Issues

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

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

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

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

Name of Partner



Robert Ganschow, CPA, CFE

Date

December 2, 2019

School District of the Menomonie Area

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2019

Financial Statement Findings

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

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

2018-003: Adjustments - See finding 2019-003.

Federal Award Findings and Questioned Costs

None.

State Financial Assistance Findings and Questioned Costs

None.

December 2, 2019

Downsville Elementary
N2681 460th Street
PO Box 78
Downsville, WI 54735
(715) 664-8546

School District of the Menomonie Area
215 Pine Avenue NE
Menomonie, WI 54751

Knapp Elementary
110 South Street
Knapp, WI 54749
(715) 665-2131

The School District of the Menomonie Area submits the following corrective action plans for the identified findings and questioned costs for the year ended June 30, 2019.

Menomonie High School
1715 5th Street West
Menomonie, WI 54751
(715) 232-2606

Finding 2019-001: Segregation of Duties

Corrective Action Plan –

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

Menomonie Middle School
920 21st Street South
Menomonie, WI 54751
(715) 232-1673

Anticipated Completion Date –
Ongoing

Oaklawn Elementary
500 21st Street South
Menomonie, WI 54751
(715) 232-3798

Responsible Contact Person –
Joseph Zydowsky

Finding 2019-002: Financial Accounting and Reporting

River Heights Elementary
615 24th Avenue West
Menomonie, WI 54751
(715) 232-3987

Corrective Action Plan –

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

Wakanda Elementary
1801 Wakanda Street NE
Menomonie, WI 54751
(715) 232-3898

Anticipated Completion Date –
Ongoing

Responsible Contact Person –
Joseph Zydowsky

Finding 2019-003: Adjustments

Corrective Action Plan –

The District does not have policies and procedures in place to ensure that all transactions are recorded in the general ledger prior to the audit. The District will review current year adjustments and continue working to reduce the number of adjusting journal entries proposed by the auditor.

Anticipated Completion Date –
Ongoing

Responsible Contact Person –
Joseph Zydowsky

Respectfully submitted,



Joseph E. Zydowsky, PhD
District Administrator