

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
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BIRCHWOOD, WISCONSIN
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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Birchwood, Wisconsin 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 of America.

Other Matters

Required Supplementary Information

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

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

Supplementary 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 individual and combining fund statements and charter school annual report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Board of Education
School District of Birchwood

The individual and combining fund statements and charter school authorization annual report, section VII only, the schedule of expenditures of federal awards and the schedule of state financial assistance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The charter school authorization annual report, sections I through VI, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Rice Lake, Wisconsin
November 25, 2019

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,259,118
Taxes Receivable	1,215,024
Accounts Receivable	339
Due from Other Governments	235,537
Inventories	4,104
Prepaid Expense	600
Capital Assets:	
Capital Assets Not Being Depreciated	953,033
Capital Assets Being Depreciated	8,608,960
Accumulated Depreciation	(3,088,466)
Total Assets	9,188,249
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	1,259,977
Other Postemployment Benefits Related	75,540
State Life Insurance Postemployment Benefits Related	8,531
Supplemental Pension Plan Related	15,699
Total Deferred Outflows of Resources	1,359,747
LIABILITIES	
Temporary Notes Payable	550,000
Accounts Payable	18,903
Accrued Salaries and Wages	174,869
Payroll Taxes and Withholdings	158,553
Accrued Interest Payable	22,132
Unearned Revenues	2,520
Current Portion of Long-Term Liabilities	602,563
Long-Term Liabilities:	
General Obligation Debt	923,021
Compensated Absences	21,183
Other Postemployment Benefits	1,153,752
State Life Insurance Postemployment Benefits	67,649
Supplemental Pension Plan	30,821
WRS Pension Plan Liability	487,658
Total Liabilities	4,213,624
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	679,611
Other Postemployment Benefits Related	181,479
State Life Insurance Postemployment Benefits Related	32,545
Total Deferred Inflows of Resources	893,635
NET POSITION	
Net Investment in Capital Assets	4,986,140
Restricted for:	
Donation Fund	259,706
Food Service	46,334
Sage Program	999
Community Service	354,411
Unrestricted	(206,853)
Total Net Position	\$ 5,440,737

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Primary Government:				
Governmental Activities:				
Instruction:				
Undifferentiated	\$ 2,306	\$ -	\$ -	\$ (2,306)
Regular Instruction	1,684,299	652,783	142,015	(889,501)
Vocational Instruction	169,347	69,363	-	(99,984)
Special Instruction	417,447	168,065	154,072	(95,310)
Other Instruction	231,856	111,638	-	(120,218)
Total Instruction	<u>2,505,255</u>	<u>1,001,849</u>	<u>296,087</u>	<u>(1,207,319)</u>
Support Services:				
Pupil Services	121,197	-	2,975	(118,222)
Instructional Staff Services	242,296	171	216,593	(25,532)
General Administration Services	218,735	-	714	(218,021)
Building Administration Services	214,593	-	-	(214,593)
Fiscal Services	199,533	-	-	(199,533)
Operation and Maintenance of Plant	453,326	-	-	(453,326)
Pupil Transportation	305,643	-	131,647	(173,996)
Food Service	178,618	58,929	121,777	2,088
Internal Services	4,154	-	-	(4,154)
Central Services	35,137	-	-	(35,137)
Insurance and Judgments	45,615	-	-	(45,615)
Interest and Fiscal Fees	50,805	-	-	(50,805)
Other Support Services	99,429	-	2,625	(96,804)
Non-Program Transactions	368,707	-	33,383	(335,324)
Community Services	130,834	4,491	-	(126,343)
Depreciation - Unallocated *	110,341	-	-	(110,341)
Total Support Services	<u>2,778,963</u>	<u>63,591</u>	<u>509,714</u>	<u>(2,205,658)</u>
Total Primary Government	<u>\$ 5,284,218</u>	<u>\$ 1,065,440</u>	<u>\$ 805,801</u>	<u>(3,412,977)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				2,525,813
Property Taxes, Levied for Debt Purposes				914,014
Property Taxes, Levied for Community Services Purposes				175,000
Other Taxes				172
State Aids Not Restricted to Specific Functions:				
General				27,101
Other				238,604
Interest and Investment Earnings				21,468
Gain on Sale of Capital Assets				40,725
Miscellaneous				310,936
Total General Revenues				<u>4,253,833</u>
Change in Net Position				840,856
Net Position - Beginning of Year				<u>4,599,881</u>
Net Position - End of Year				<u>\$ 5,440,737</u>

* This amount excludes depreciation included in the direct expense of the various functions - see Note 2.C.

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Debt Service Fund	Capital Projects Fund	Community Services Fund		
ASSETS						
Cash and Investments	\$ 602,650	\$ 1,405	\$ -	\$ 354,552	\$ 300,511	\$ 1,259,118
Taxes Receivable	1,215,024	-	-	-	-	1,215,024
Accounts Receivable	314	-	-	10	15	339
Due from Other Governments	231,451	-	-	-	4,086	235,537
Inventories	-	-	-	-	4,104	4,104
Prepaid Expense	600	-	-	-	-	600
Total Assets	<u>\$ 2,050,039</u>	<u>\$ 1,405</u>	<u>\$ -</u>	<u>\$ 354,562</u>	<u>\$ 308,716</u>	<u>\$ 2,714,722</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Temporary Notes Payable	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ 550,000
Accounts Payable	14,992	-	3,760	151	-	18,903
Accrued Salaries and Wages	174,713	-	-	-	156	174,869
Payroll Taxes and Withholdings	158,553	-	-	-	-	158,553
Accrued Interest Payable	7,780	-	-	-	-	7,780
Unearned Revenues	-	-	-	-	2,520	2,520
Total Liabilities	<u>906,038</u>	<u>-</u>	<u>3,760</u>	<u>151</u>	<u>2,676</u>	<u>912,625</u>
Fund Balances:						
Nonspendable	600	-	-	-	4,104	4,704
Restricted	999	1,405	-	354,411	301,936	658,751
Unassigned	1,142,402	-	(3,760)	-	-	1,138,642
Total Fund Balances	<u>1,144,001</u>	<u>1,405</u>	<u>(3,760)</u>	<u>354,411</u>	<u>306,040</u>	<u>1,802,097</u>
Total Liabilities and Fund Balances	<u>\$ 2,050,039</u>	<u>\$ 1,405</u>	<u>\$ -</u>	<u>\$ 354,562</u>	<u>\$ 308,716</u>	<u>\$ 2,714,722</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019**

Total Fund Balances - Governmental Funds \$ 1,802,097

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	39,196	
Land Improvements		312,127	
Buildings		6,707,697	
Equipment		1,559,762	
Vehicles		29,374	
Construction Work In Process		913,837	
Accumulated Depreciation		<u>(3,088,466)</u>	6,473,527

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

General Obligation Notes Payable		1,487,387	
Compensated Absences		59,380	
Wisconsin Retirement System Net Pension (Asset) Liability		487,658	
Wisconsin Retirement System Deferred Outflows of Resources Related Items		(1,259,977)	
Wisconsin Retirement System Deferred Inflows of Resources Related Items		679,611	
Single Employer Net Other Postemployment Benefits (OPEB) Liability		1,153,752	
Single Employer OPEB Deferred Outflows of Resources Related Items		(75,540)	
Single Employer OPEB Deferred Inflows of Resources Related Items		181,479	
State Life Insurance Net OPEB Liability		67,649	
State Life Insurance OPEB Deferred Outflows of Resources Related Items		(8,531)	
State Life Insurance OPEB Deferred Inflows of Resources Related Items		32,545	
Single Employer Net Supplemental Pension Liability		30,821	
Single Employer Supplemental Pension Deferred Outflows of Resources Related Items		(15,699)	
Accrued Interest Payable on Long-Term Debt		<u>14,352</u>	<u>(2,834,887)</u>

Net Position of Governmental Activities \$ 5,440,737

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General Fund	Debt Service Fund	Capital Projects Fund	Community Services Fund		
REVENUES						
Local Sources	\$ 2,569,318	\$ 914,018	\$ -	\$ 175,000	\$ 352,458	\$ 4,010,794
Interdistrict Sources	982,901	-	-	4,491	-	987,392
Intermediate Sources	15,184	-	-	-	-	15,184
State Sources	713,433	-	-	-	3,646	717,079
Federal Sources	221,113	-	-	-	118,131	339,244
Other	14,656	-	-	-	-	14,656
Total Revenues	<u>4,516,605</u>	<u>914,018</u>	<u>-</u>	<u>179,491</u>	<u>474,235</u>	<u>6,084,349</u>
EXPENDITURES						
Instruction:						
Undifferentiated Curriculum	-	-	-	-	2,306	2,306
Regular Instruction	1,522,378	-	-	-	1,039	1,523,417
Vocational Instruction	132,742	-	-	-	27,849	160,591
Special Instruction	391,150	-	-	-	-	391,150
Other Instruction	216,121	-	-	-	4,705	220,826
Support Services:						
Pupil Services	114,826	-	-	-	-	114,826
Instructional Staff Services	210,027	-	-	-	57,887	267,914
General Administration	203,412	-	-	-	-	203,412
Building Administration	200,799	-	-	-	3,587	204,386
Fiscal Services	191,525	-	-	-	-	191,525
Operation and Maintenance of Plant	315,492	-	-	3,550	9,132	328,174
Facilities Acquisition/Remodeling	38,342	-	749,235	-	-	787,577
Pupil Transportation	282,725	-	-	19,246	-	301,971
Internal Services	4,154	-	-	-	-	4,154
Central Services	16,742	-	-	-	176	16,918
Food Service	-	-	-	-	179,604	179,604
Insurance and Judgments	45,615	-	-	-	-	45,615
Debt Service	9,320	914,014	-	-	-	923,334
Other Support Services	98,564	-	-	-	578	99,142
Community Services	-	-	-	122,368	-	122,368
Non-Program Transactions	368,699	-	-	-	8	368,707
Total Expenditures	<u>4,362,633</u>	<u>914,014</u>	<u>749,235</u>	<u>145,164</u>	<u>286,871</u>	<u>6,457,917</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	153,972	4	(749,235)	34,327	187,364	(373,568)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Assets	40,725	-	-	-	-	40,725
Proceeds of Long-Term Debt	-	-	750,538	-	-	750,538
Net Other Financing Sources (Uses)	<u>40,725</u>	<u>-</u>	<u>750,538</u>	<u>-</u>	<u>-</u>	<u>791,263</u>
NET CHANGE IN FUND BALANCES	194,697	4	1,303	34,327	187,364	417,695
Fund Balances, Beginning of Year	<u>949,304</u>	<u>1,401</u>	<u>(5,063)</u>	<u>320,084</u>	<u>118,676</u>	<u>1,384,402</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,144,001</u>	<u>\$ 1,405</u>	<u>\$ (3,760)</u>	<u>\$ 354,411</u>	<u>\$ 306,040</u>	<u>\$ 1,802,097</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 417,695

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 861,326	
Depreciation Expense Reported in the Statement of Activities	(269,386)	
Loss on Sale of Capital Assets	<u>(39,850)</u>	552,090

Wisconsin Retirement System Pension Plan:

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension asset (liability) and the related deferred inflows and outflows of resources. (191,992)

Debt issued is recorded as a revenue in governmental funds, but it is an increase in long-term liabilities in the statement of net position:

Long-Term Debt Issued (750,537)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Note Principal Retirement 873,760

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Compensated Absences at Year-End	3,003	
Net Change in Other Postemployment Benefits Payable	(111,554)	
Net Change in OPEB Deferred Outflows of Resources	18,506	
Net Change in OPEB Deferred Inflows of Resources	20,165	
Net Change in State Life Insurance Postemployment Benefits Payable	13,640	
Net Change in State Life Insurance OPEB Deferred Outflows of Resources	(509)	
Net Change in State Life Insurance OPEB Deferred Inflows of Resources	(16,558)	
Net Change in Supplemental Pension Benefits Payable	22,075	
Net Change in Supplemental Pension Plan Deferred Outflows of Resources	(7,697)	
Net Change in Accrued Interest Payable at Year-End	<u>(1,231)</u>	<u>(60,160)</u>

Change in Net Position of Governmental Activities \$ 840,856

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Employee Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Investments	\$ 270,781	\$ 30,529	<u>\$ 77,337</u>
LIABILITIES			
Accounts Payable	-	-	\$ 734
Due to Student Organizations	-	-	<u>76,603</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 77,337</u>
NET POSITION			
Restricted for Other Postemployment Benefits	263,736	-	
Restricted for Supplemental Pension Benefits	7,045	-	
Restricted for Scholarships	-	30,529	
Total Net Position	<u>\$ 270,781</u>	<u>\$ 30,529</u>	

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Employee Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Interest	\$ 3,751	\$ 660
Gifts	-	4,371
Other Sources:		
Payments from Governmental Funds:		
Other Postemployment Benefits	66,743	-
Supplemental Pension	23,807	-
Total Additions	94,301	5,031
DEDUCTIONS		
Other Postemployment Benefits	60,143	-
Supplemental Pension Benefits	22,673	-
Scholarships Awarded	-	4,414
Total Deductions	82,816	4,414
CHANGE IN NET POSITION	11,485	617
Net Position, Beginning of Year	259,296	29,912
NET POSITION, END OF YEAR	\$ 270,781	\$ 30,529

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the School District of Birchwood (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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.

B. Reporting Entity

The School District of Birchwood is organized as a common school district. The District, governed by a five member elected school board, operates grades K through twelve and is comprised of all or parts of eight taxing districts.

The financial reporting of the District is defined by the GASB to consist 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 the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the District consist solely of the primary government. No other organizations were identified for inclusion in the financial reporting entity of the District.

C. Government-Wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) as described below:

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental type activities. (The District had no business-type activities for the reporting year.) These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

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

The District has the following major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for energy efficiency improvement projects which are funded by long-term debt.

Community Services Fund – The Community Services Fund, a special revenue fund, is used to account for the accumulation of resources for activities of community services.

The remaining governmental funds (Donations Fund and Food Service Fund) are reported as nonmajor funds.

Additionally, the District reports the following fiduciary funds:

Employee Benefit Fund – The Employee Benefit Fund is used to account for resources held in trust for formally established employee benefit plans.

Private-Purpose Trust Funds - The private-purpose funds are used to account for assets held by the District in a trustee capacity for individuals, private organizations and for other governmental units, including scholarship funds.

Agency Fund - The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and/or other governmental units, specifically, activities of student organizations and the New Paradigm Partners are accounted for in the agency fund.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide and fiduciary trust 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. Fiduciary agency funds do not have a measurement focus.

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

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

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

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

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments

Investments of the District are stated at fair value. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

The District is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

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 the laws applicable to trust investments.

2. Receivables and Payables

Property Taxes. 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. The county treasurer, who then makes settlement with the city, town, village and school districts before retaining any for county purposes, collects second installment real estate taxes and delinquent taxes.

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

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

Property Taxes (Continued). Property taxes are recognized as revenue in the period for which 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 1st, 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 30th and are available to pay current liabilities.

Accounts Receivable. Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Interfund Balances. The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds". The non-current portion of outstanding balances between funds is reported as "advances to/from other funds". Advances between funds are classified as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources. For government-wide financial statements, eliminations were made for amounts due to and due from within the same fund type.

3. Inventories and Prepaid Items

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year's cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

4. Capital Assets

Capital assets are reported at actual cost or estimated historical. Donated assets are reported at estimated acquisition value at the time received. Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	N/A	N/A
Land Improvements	5,000	Straight-line	20 Years
Buildings	5,000	Straight-line	50 Years
Building Improvements	5,000	Straight-line	7-30 Years
Furniture and Equipment	5,000	Straight-line	5-20 Years
Vehicles	5,000	Straight-line	8 Years
Textbooks, Library and Media*	5,000	Straight-line	10 Years

* For purposes of determining the capitalization threshold for these items the District groups all purchases for the year.

5. Deferred Outflows of Resources

The District would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. The District reports deferred outflows of resources for pension and other post-employment benefit related items.

6. Deferred Inflows of Resources

The District's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District reports deferred inflows of resources for pension and other post-employment benefit related items.

7. Compensated Absences

The District's policy allows employees to accumulate paid leave benefits. Liabilities for these benefits do not accrue in the governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide financial statements when earned.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

8. Other Postemployment Benefits Payable (OPEB) – Single Employer Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Birchwood Public Schools OPEB Employee Benefit Trust (BPSOEBT) and additions to/deductions from BPSOEBT's fiduciary net position have been determined on the same basis as they are reported by BPSOEBT. For this purpose, BPSOEBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

9. Supplemental Pension Plan Benefit

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

10. Wisconsin Retirement System Pension Benefits

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

11. Other Postemployment Benefits (OPEB) – Multiple Employer Plan

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

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

12. Long-Term Obligations

In the government-wide financial statements, outstanding long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. As required by state statute, premium and accrued interest received as part of the proceeds are recorded in the debt service fund.

13. Use of Restricted Resources

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

14. Equity Classifications

Fund equity, representing the difference between assets, deferred outflows/inflows of resources and liabilities, is classified as follows in the District's financial statements:

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. It is the goal of the District Board to achieve and maintain an unassigned fund balance level in the General Fund of between 20 and 25 percent of expenditures. The District Board considers a balance of less than 20 percent to be cause for concern, barring unusual or deliberate circumstances. If the unassigned fund balance falls below the goal or has a deficiency, the District Board will take steps to develop an appropriate fund balance.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

14. Equity Classifications (Continued)

Fund Financial Statements (Continued). Committed fund balance is required to be established, modified, or rescinded by resolution of the District Board prior to each year end. Based on resolution of the District Board, the District Administrator/Superintendent has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's policy to use committed, assigned and finally unassigned fund balance.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as recommended by the Department of Public Instruction. In addition, the trust and agency funds use separate and distinct accounts. All other funds share in common cash and investment accounts.

The District's cash and investments at June 30, 2019 as shown in the financial statements as follows:

Governmental Funds	\$ 1,259,118
Fiduciary Funds	<u>378,647</u>
	<u>\$ 1,637,765</u>

The above balances at June 30, 2019 consisted of the following:

Deposits in Financial Institutions	\$ 1,581,018
Deposits with Fiscal Agent (Employee Benefit Trust Fund)	56,447
Petty Cash	<u>300</u>
	<u>\$ 1,637,765</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the District to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund. Custodial credit risk for deposits is the risk that, in the event of failure, the District's deposits may not be returned.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2019, the District's deposits were not exposed to custodial credit risk.

Employee Benefit Fund

The Employee Benefit Fund's investments are summarized as follows:

Description	Totals	Investment Maturities (in Years)			
		<1	1 to 3	3 to 5	>5
Annuity	\$ 56,447	\$ 56,447	\$ -	\$ -	\$ -

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Employee Benefit Fund (Continued)

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The District's policy is to invest its funds in accordance with the *Uniform Prudent Investor Act*. The investments in the Employee Benefits Trust Fund are not rated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates. The fixed annuity account has a guaranteed minimum rate of return of not less than 3%.

B. Fair Value Measurements

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

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

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

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

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

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

	Level 1	Level 2	Level 3	Total
Annuity	\$ -	\$ 56,447	\$ -	\$ 56,447

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Changes in the capital assets for the year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:				
Land	\$ 49,996	\$ -	\$ 10,800	\$ 39,196
Land Improvements	312,127	-	-	312,127
Buildings	4,508,128	2,199,569	-	6,707,697
Equipment	1,480,701	108,111	29,050	1,559,762
Vehicles	29,374	-	-	29,374
Construction in Progress	2,360,191	753,215	2,199,569	913,837
Total Capital Assets	<u>8,740,517</u>	<u>3,060,895</u>	<u>2,239,419</u>	<u>9,561,993</u>
Accumulated Depreciation:				
Land Improvements	237,085	13,287	-	250,372
Buildings	1,571,184	145,530	-	1,716,714
Equipment	995,816	106,897	-	1,102,713
Vehicles	14,995	3,672	-	18,667
Total Accumulated Depreciation	<u>2,819,080</u>	<u>269,386</u>	<u>-</u>	<u>3,088,466</u>
Government Activities Capital Assets Net of Accumulated Depreciation	<u>\$ 5,921,437</u>	<u>\$ 2,791,509</u>	<u>\$ 2,239,419</u>	<u>\$ 6,473,527</u>

Depreciation was charged to governmental functions as follows:

Instruction:	
Regular Curriculum	\$ 34,527
Vocational Instruction	8,064
Support Services:	
Instructional Staff Services	7,939
General Administration Services	193
Operations and Maintenance	92,123
Pupil Transportation	3,672
Food Service	3,093
Central Services	18,204
Community Services	2,030
Unallocated Depreciation	<u>99,541</u>
	<u>\$ 269,386</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

The District did not have any interfund balances as of June 30, 2019.

E. Long-Term Obligations

Changes in Long-Term Obligations

Changes in long-term obligations of the District for the year ended June 30, 2019 were as follows:

	Balances July 1, 2018	Additions	Reductions	Balances June 30, 2019	Amounts Due Within One Year
Long-Term Debt:					
General Obligation Notes	\$ 1,610,610	\$ 750,537	\$ 873,760	\$ 1,487,387	\$ 564,366
Other Long-Term Obligations:					
Compensated Absences	62,383	59,380	62,383	59,380	38,197
Other Postemployment Benefits	1,042,198	181,983	70,429	1,153,752	-
Supplemental Pension Plan	52,896	1,814	23,889	30,821	-
WRS Pension Plan Liability	-	487,658	-	487,658	-
State Life Insurance Postemployment Benefits	81,289	67,649	81,289	67,649	-
Totals	<u>\$ 2,849,376</u>	<u>\$ 1,549,021</u>	<u>\$ 1,111,750</u>	<u>\$ 3,286,647</u>	<u>\$ 602,563</u>

On January 23, 2017, the District issued general obligation promissory notes in the amount of \$2,200,000 for energy efficiency projects. The District drew \$1,682,500 as of June 30, 2017. On July 1, 2017 the District drew an additional \$465,468 on the note and as of June 30, 2018 the note had an outstanding balance of \$1,039,644. The District drew an additional \$51,602 in 2018-2019 on the note and as of June 30, 2019 the note had an outstanding balance of \$313,711. The note accrues interest at 2.2% and is due on March 1, 2021.

On April 2, 2018 the District issued general obligation promissory notes in the amount of \$1,300,000 for energy efficiency project. The District drew \$229,081 as of June 30, 2018. The District drew an additional \$698,935 in 2018-2019 on the note and as of June 30, 2019 the note had an outstanding balance of \$915,430. The note accrues interest at 2.75% and is due on March 1, 2021.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

Future maturities of principal and interest for the District at June 30, 2019 are as follows:

Description	Fiscal Year	Principal	Interest	Total
Promissory Note: \$275,0000 dated 6/15/15, due 3/1/2022 interest payable at 2.34%	2020	\$ 40,155	\$ 2,893	\$ 43,048
	2021	41,115	1,933	43,048
	2022	38,564	957	39,521
		<u>119,834</u>	<u>5,783</u>	<u>125,617</u>
Promissory Note: \$311,954 dated 5/13/15, due 3/1/22, interest payable at 2.34%	2020	45,534	3,299	48,833
	2021	46,623	2,210	48,833
	2022	46,255	1,103	47,358
		<u>138,412</u>	<u>6,612</u>	<u>145,024</u>
Promissory Note: \$2,200,000 dated 1/23/17, due 3/1/21 interest payable at 2.20%	2020	262,012	5,764	267,776
	2021	51,699	1,137	52,836
		<u>313,711</u>	<u>6,901</u>	<u>320,612</u>
Promissory Note: \$1,300,000 dated 4/30/18, due 3/1/21 interest payable at 2.75%	2020	216,665	5,958	222,623
	2021	698,765	19,216	717,981
		<u>915,430</u>	<u>25,174</u>	<u>940,604</u>
		<u>\$ 1,487,387</u>	<u>\$ 44,470</u>	<u>\$ 1,531,857</u>

General Obligation Debt

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

Debt Limit (10% of \$568,886,655)	\$ 56,886,655
Deduct Long-Term Debt Applicable to Debt Margin	<u>1,487,387</u>
Margin of Indebtedness	<u>\$ 55,399,268</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Temporary Notes Payable

Changes in temporary notes payable of the District for the year ended June 30, 2019 were as follows:

Balance July 1, 2018	Additions	Reductions	Balances June 30, 2019	Accrued Interest	Interest Rate	Interest Expense
\$ 800,000	\$ 550,000	\$ 800,000	\$ 550,000	\$ 7,703	2.75%	\$ 7,383

The District's short-term notes payable consisted of a Tax and Revenue Anticipation Note that has an outstanding maximum draw limit of \$1,000,000 and is used for cash flow purposes. The Tax and Revenue Anticipation Note agreement in place at year end expired August 23, 2019. Any outstanding balance on the Tax and Revenue Anticipation Notes is secured by tax receipts sufficient for repayment.

G. Governmental Fund Balances

Portions of governmental fund balances at June 30, 2019 were nonspendable, restricted and committed and were not available for current appropriation or expenditure, as follows:

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
Major Funds:				
General Fund				
Prepaid Expenses	\$ 600	\$ 600	\$ -	\$ -
SAGE Carryover	999	-	999	-
Unassigned	1,142,402	-	-	1,142,402
Subtotal General Fund	1,144,001	600	999	1,142,402
Payments of Debt Service	1,405	-	1,405	-
Community Services	354,411	-	354,411	-
Subtotal Major Funds	1,499,817	600	356,815	1,142,402
Nonmajor Funds				
Special Revenue Funds:				
Food Service				
Inventory	4,104	4,104	-	-
Other Food Service Programs	42,230	-	42,230	-
Donations Fund Activities	259,706	-	259,706	-
Capital Projects Fund	(3,760)	-	-	(3,760)
Subtotal Nonmajor Funds	302,280	4,104	301,936	(3,760)
Total Governmental Fund Balances at June 30, 2019	\$ 1,802,097	\$ 4,704	\$ 658,751	\$ 1,138,642

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0.0%
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

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

During the District's fiscal reporting period July 1, 2018 through June 30, 2019, the WRS recognized \$130,787 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

	<u>Employee</u>	<u>Employer</u>
General (Including Teachers)	6.55%	6.55%

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets/Liability, 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 \$487,658 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. 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 0.01370718 percent, which was a decrease of 0.00097358 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$323,556. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 379,812	\$ (671,371)
Changes of Assumptions	82,201	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	712,192	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	3,396	(8,240)
District Contributions Subsequent to the Measurement Date	82,376	-
Total	<u>\$ 1,259,977</u>	<u>\$ (679,611)</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

\$82,376 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to 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:

<u>Year Ended June 30:</u>	<u>Pension Expense Amount</u>
2019	\$ 177,706
2020	44,002
2021	80,332
2022	195,950

Actuarial assumptions

The total pension liability in the 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%
Inflation:	3.0%
Salary Increases:	0.1% to 5.6% including inflation
Mortality:	Wisconsin 2018 mortality table
Post-Retirement Adjustments*:	1.90%

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

Actuarial assumptions are based upon 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 upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Assets/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return
Domestic Equity	N/A	N/A	70%	5.0%
International Equity	N/A	N/A	30%	5.9%
Equities	49%	5.5%	N/A	N/A
Fixed Income	25%	1.5%	N/A	N/A
Inflation Sensitive Assets	16%	1.3%	N/A	N/A
Real Estate	9%	3.9%	N/A	N/A
Private Equity/Debt	8%	6.7%	N/A	N/A
Multi-Asset	4%	4.1%	N/A	N/A
Cash	-10%	0.9%	N/A	N/A
Totals	100%		100%	

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

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,938,005	\$ 487,658	\$ (590,787)

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>.

B. Other Postemployment Benefits – Multiple Employer Plan

General Information about the Other Postemployment Benefits Plan

Plan Description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees. ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

Contribution rates as of June 30, 2019 are:

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

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan (Continued)

General Information about the Other Postemployment Benefits Plan (Continued)

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

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$505 in contributions from the employer.

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

At June 30, 2019, the District reported a liability of \$67,649 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 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 OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.02621700 percent, which was a decrease of 0.00080200 from its proportion measured as of December 31, 2017.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

For the year ended June 30, 2019, the District recognized OPEB expense of \$4,142. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (3,432)
Changes of Assumptions or Other Input	6,455	(14,664)
Net Difference Between Projected and Actual Earnings on OPEB Investments	1,617	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	(14,449)
District Contributions Subsequent to the Measurement Date	459	-
Total	<u>\$ 8,531</u>	<u>\$ (32,545)</u>

\$459 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB Expense Amount
2019	\$ (3,910)
2020	(3,910)
2021	(3,910)
2022	(4,137)
2023	(4,371)
2024	(3,768)
2025	(467)

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return	5.00%
Discount Rate	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.2% - 5.6%
	MP-2018 Generational Improvement Scale (Multiplied by 60%)
Mortality	

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	100%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiple Employer Plan (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Single Discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

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

		1% Decrease (3.22%)	Current Discount Rate (4.22%)	1% Increase (5.22%)
Proportionate share of the Net OPEB Liability (asset)	12/31/18	\$ 96,235	\$ 67,649	\$ 45,601

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

C. Other Postemployment Benefit Plan Other Than Pensions (OPEB)

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions.

Single-Employer Plan

Plan description

The School District of Birchwood offers a single-employer defined benefit plan used to provide postemployment benefits other than pensions (OPEB) The District's OPEB consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below. The School Board of the School District of Birchwood is designated as the administrator of the OPEB plan and it reserves the right to alter, amend or terminate the OPEB at any time for any reason, without consent.

SCHOOL DISTRICT OF BIRCHWOOD
 BIRCHWOOD, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

Benefits provided

Administrative Bookkeeper:

The administrative bookkeeper at age 57 with a minimum of 15 years of service, the District will contribute 100 percent of the single medical and dental premiums or 75 percent of the family medical and dental premiums on behalf of the retiree for a period of eight years or until Medicare-eligibility.

Teachers and Principals:

The teachers and principals with at least age 57 with a minimum of 15 years of service, the District will in return for every seven years of service and thirty days of accumulated unused sick leave, the District will contribute towards a retiree's medical and dental premiums for a period of one year. The District's contributions will either be at 87.4 percent of the single medical and 100 percent of dental premium amounts or 65.55 percent of the family medical and 75 percent of dental premium amounts. The duration of the District's contributions shall not exceed a period of eight years or Medicare-eligibility.

Note:

- Teachers that chose to waive coverage in the District's group medical plan may instead elect to receive 87.4 percent of the single medical premiums contributed to an HRA.
- Employees that retired prior to July 31, 2016 are receiving grandfathered, individually-negotiated benefits no longer offered by the District. The details of the individually-negotiated benefits can be obtained from the District Office.
- The District provides an HRA for eligible retirees participating in the District's health plan for reimbursement of deductible expenses up to \$1,000 and \$2,000 for Single and Family coverage, respectively.

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

Inactive plan members or beneficiaries currently receiving benefit payments	7
Active plan members	<u>32</u>
	<u><u>39</u></u>

Contributions

Per Article 4 of the District's Trust Agreement states the District shall make contributions to the Trust from time to time as required per contractual agreement, and, in addition, such other contributions, if any, as it may determine in its discretion. For the year ended June 30, 2019, the District's average contribution rate was 4.09 percent of covered-employee payroll.

**SCHOOL DISTRICT OF BIRCHWOOD
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

Investments

Investment policy. The School Board of the School District of Birchwood's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board that all investments shall be made and administered in compliance with legal requirements, sections 25.50, 34.05, 34.08, 66.06.07, 120.11(3), 120.12(7), 120.16(5) Wisconsin State Statutes and other regulatory authorities. All trust fund assets were held in a fixed annuity account.

Rate of Return

For the year ended June 30, 2019, the anticipated return on investments, net of investment expense, was 1.3 percent.

Net OPEB Liability

Total OPEB Liability - Ending (a)	\$ 1,417,488
Plan Fiduciary Net Position - Ending (b)	<u>263,736</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 1,153,752</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.61%

The District's 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 July 1, 2017.

Actuarial assumptions

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

Inflation:	2.5%
Salary Increases:	5.5%
Long-Term Expected Rate of Return:	1.40%
Discount Rate:	3.00%
Healthcare Cost Trend Rates	6.25% for 2018, decreasing 0.5% to 6.0%, then decreasing by 0.1% to 5.0% and 5.0% thereafter

**SCHOOL DISTRICT OF BIRCHWOOD
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

Actuarial assumptions (Continued)

Mortality rates were based on the Wisconsin Projected Experience Table for Men and Women.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2018.

The long-term expected rate of return on OPEB plan investments was determined based on the District's investment in a fixed annuity account. Given this information and based upon the actuary's determination that the level of asset in the District's trust will remain sufficient to pay future retiree benefits, the actuary determined a 1.40 percent long-term expected rate of return, reflective of a 20-year AA municipal bond rate, was reasonable for valuation purposes.

Discount rate

The discount rate used to measure the total OPEB liability was 3.00 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at June 30, 2018	\$ 1,295,648	\$ 253,450	\$ 1,042,198
Changes for the year:			
Service Cost	109,183	-	109,183
Interest	45,375	-	45,375
Changes of Assumptions or Other Input	27,425	-	27,425
Contributions - Employer	-	66,743	(66,743)
Net Investment Income	-	3,686	(3,686)
Benefit Payments	(60,143)	(60,143)	-
Net Changes	<u>121,840</u>	<u>10,286</u>	<u>111,554</u>
Balances at June 30, 2019	<u>\$ 1,417,488</u>	<u>\$ 263,736</u>	<u>\$ 1,153,752</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan Other Than Pensions (OPEB) (Continued)

Single-Employer Plan (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

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

		1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB Liability	6/30/19	\$ 1,269,411	\$ 1,153,752	\$ 1,046,681

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease (5.25% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.25% decreasing to 5.00%)	1% Increase (7.25% decreasing to 6.00%)
Medical Trend Rate				
Dental Trend Rate		3.00%	4.00%	5.00%
Net OPEB Liability	6/30/19	\$ 986,108	\$ 1,153,752	\$ 1,353,646

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$139,626. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 181,479
Changes of Assumptions or Other Input	73,463	-
Net Difference Between Projected and Actual Earnings on OPEB Investments	2,077	-
Total	\$ 75,540	\$ 181,479

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Single-Employer Plan (Continued)

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

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

<u>Year Ended June 30:</u>	<u>OPEB Expense Amount</u>
2020	\$ (11,384)
2021	(11,383)
2022	(12,777)
2023	(12,575)
2024	(12,549)
Thereafter	(45,271)

D. Supplemental Pension Plan Benefit

Plan Description

The retired administrator and two retired teacher are covered by the School District of Birchwood Supplemental Pension Benefit Plan (the Plan), which is a single-employer defined benefit plan. The Plan's purpose is to provide retirement income to Plan members. The School District of Birchwood (the District) is the administrator of the Plan. The School Board reserves the right to alter, amend or terminate the Plan at any time for any reason, without consent.

As of June 30, 2019, employees covered by the Plan are as follows:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Active plan members	0
	2

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan Benefit (Continued)

Benefits provided

Authority for payment of pension benefits is established by employment contracts. Benefit and eligibility provisions are established through negotiations between the District and the employee or the union and are negotiated each bargaining period.

Retired Administrator:

The School Board shall provide contributions consecutive monthly payments of \$916.67 up to a maximum contribution of \$55,000 into a retiree's District approved 403(b) vendor account. These contributions will be paid out in for duration of 60 months or Administrator's death, whichever occurs first. Contributions shall be fully vested upon deposit.

Retired Teachers:

Two retired teachers have individually-negotiated for the District to provide a contribution in to a retiree's 403(b) account in the amount totaling \$10,000. This contribution will be paid out equally over a period of two years.

Teachers and Principals:

Teachers and principals that have retired who waive coverage in the District's group medical plan may instead elect to receive 87.4 percent of the single medical premiums contributed to a District approved 403(b) vendor account in lieu of their participation.

The District paid \$22,673 for pension benefits under the Plan that came due during the year ended June 30, 2019.

Net Pension Liability

The District's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Total Pension Liability - June 30, 2018	\$ 58,742	\$ 5,846	\$ 52,896
Changes for the Year:			
Interest	1,663	-	1,663
Changes of Assumptions or Other Input	134	-	134
Contributions - Employer	-	23,807	(23,807)
Net Investment Income	-	65	(65)
Differences Between Expected and Actual Experience	-	-	-
Benefit Payments	(22,673)	(22,673)	-
Net Changes	(20,876)	1,199	(22,075)
Total Pension Liability - June 30, 2019	<u>\$ 37,866</u>	<u>\$ 7,045</u>	<u>\$ 30,821</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan Benefit (Continued)

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

For the year ended June 30, 2019, the District recognized pension expense of \$9,429. At June 30, 2019, the District reported deferred outflows of resources related to the pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 15,547	\$ -
Changes of Assumptions or Other Input	117	-
Net Difference Between Projected and Actual Earnings on Pension Investments	35	-
Total	<u>\$ 15,699</u>	<u>\$ -</u>

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

<u>Year Ended June 30:</u>	Pension Expense Amount
2020	\$ 7,848
2021	7,847
2022	3
2023	1

The District did not report any deferred inflows of resources related to pensions as of June 30, 2019.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Supplemental Pension Plan Benefit (Continued)

Actuarial assumptions

The actuarial total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal (Level Percent of Salary)
Discount Rate:	3.10%
Salary Increases:	2.5% including inflation
Retirement Age:	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality:	Wisconsin 2012 Mortality Tables adjusted for future mortality improvements using the MP-2015 generational improvement scale (multiplied by 50%)

Discount rate

The discount rate used to measure the net pension liability was 3.10 percent. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 3.10 percent.

Net Pension Liability Sensitivity

The following presents the District's net pension liability, calculated using the discount rate of 3.10 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

		1% Decrease (2.10%)	Current Discount Rate (3.10%)	1% Increase (4.10%)
Net Pension Liability	6/30/19	<u>\$ 31,164</u>	<u>\$ 30,821</u>	<u>\$ 30,487</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

E. Employee Benefit Plans Trust Funds

The District has established an employee benefit trust fund to account for resources placed in trust to fund the other postemployment benefit plan and supplemental pension plan. The individual statements for each benefit trust are presented below.

Statements of Net Position
Other Postemployment Benefits and Supplemental Pension Liability Trust Funds

	Other Postemployment Benefits	Supplemental Pension Liability	Total
Assets			
Cash	\$ 207,354	\$ 6,980	\$ 214,334
Investments - Fixed Interest Annuity	56,382	65	56,447
Plan Fiduciary Net Position	\$ 263,736	\$ 7,045	\$ 270,781

Statements of Changes in Net Position
Other Postemployment Benefits and Supplemental Pension Liability Trust Funds

	Other Postemployment Benefits	Supplemental Pension Liability	Total
Additions			
Contributions - Employer	\$ 66,743	\$ 23,807	\$ 90,550
Interest	3,686	65	3,751
Total Additions	70,429	23,872	94,301
Deductions			
Benefit Payments	60,143	22,673	82,816
Total Deductions	60,143	22,673	82,816
Changes in Net Position	10,286	1,199	11,485
Plan Fiduciary Net Position, Beginning of Year	253,450	5,846	259,296
Plan Fiduciary Net Position, End of Year	\$ 263,736	\$ 7,045	\$ 270,781

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

F. Compensated Absences

Employees earn varying amounts of vacation and sick leave based on employee classification and employment contract. Vacation does not accumulate unless individually negotiated. Unused sick leave will be paid out upon retirement to eligible employees at a rate of \$25 per day, to a maximum of 70 days for associate staff and 120 days for administrators. The District's liability for accumulated vacation and sick leave at June 30, 2019, was estimated at \$59,380. These amounts are recorded as a long-term obligation in the government-wide financial statements.

G. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is based on pupil count and is limited to the amount approved by legislative action unless a higher amount has been approved by a referendum. The State has also placed a limit on the decrease in the annual revenue cap due to declining enrollments. The State further allows an exemption equal to 75% of the prior year unused allowable revenue.

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

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

H. 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; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three years.

I. Commitments and Contingencies

The District entered into a contract for energy efficiency improvements in the amount of \$1,300,000. As of June 30, 2019, \$935,756 had been completed and the amount remaining on the contract is \$364,244. The project is expected to be completed in November, 2019.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 OTHER INFORMATION (CONTINUED)

J. Subsequent Events

On October 28, 2019 the District signed an agreement for short-term borrowings not to exceed \$1,000,000 for cash flow purposes. This note bears an interest rate of at 2.50% interest and is set to mature on August 24, 2020.

NOTE 4 STEWARDSHIP AND ACCOUNTABILITY

The District's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The District's legal budget is adopted at the major function level in the general fund (i.e., general government). While total general fund expenditures were less than total budgeted expenditures for fiscal year 2019, line items as shown in the table below exceeded the final budget. These overages were determined necessary and authorized by management.

Insurance and Judgments	\$ (143)
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REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources				
Property Taxes	\$ 2,525,813	\$ 2,525,813	\$ 2,525,813	\$ -
Other Local Sources	29,578	42,148	43,505	1,357
Interdistrict Sources	1,011,155	982,901	982,901	-
Intermediate Sources	18,602	15,184	15,184	-
State Sources	765,676	713,439	713,433	(6)
Federal Sources	223,975	223,949	221,113	(2,836)
Other Revenues	11,700	11,949	14,656	2,707
Total Revenues	<u>4,586,499</u>	<u>4,515,383</u>	<u>4,516,605</u>	<u>1,222</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	853,254	825,557	824,140	1,417
Regular Curriculum	728,192	702,412	698,238	4,174
Vocational Education	136,429	132,779	132,742	37
Special Education Curriculum	423,227	387,057	387,057	-
Physical Curriculum	149,424	147,773	147,766	7
Co-Curricular Activities	69,135	68,373	68,355	18
Other Special Needs	2,384	4,097	4,093	4
Total Instructional	<u>2,362,045</u>	<u>2,268,048</u>	<u>2,262,391</u>	<u>5,657</u>
Support Services:				
Pupil Services	106,680	114,848	114,826	22
Instructional Staff Services	221,690	224,233	210,027	14,206
General Administration	209,956	204,684	203,412	1,272
Building Administration	208,695	201,466	200,799	667
Business Administration	200,640	192,231	191,525	706
Operation and Maintenance of Plant	395,700	363,557	353,834	9,723
Pupil Transportation	316,225	283,664	282,725	939
Internal Services	5,287	4,665	4,154	511
Central Services	19,975	21,229	16,742	4,487
Insurance and Judgments	51,678	45,472	45,615	(143)
Debt Services	8,021	9,320	9,320	-
Other Support Services	95,749	103,723	98,564	5,159
Total Support Services	<u>1,840,296</u>	<u>1,769,092</u>	<u>1,731,543</u>	<u>37,549</u>
Non-Program	383,623	371,124	368,699	2,425
Total Expenditures	<u>4,585,964</u>	<u>4,408,264</u>	<u>4,362,633</u>	<u>45,631</u>
EXCESS OF REVENUES OVER EXPENDITURES	535	107,119	153,972	46,853
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	1,000	40,725	40,725	-
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>40,725</u>	<u>40,725</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,535	147,844	194,697	46,853
Fund Balance, Beginning of Year	949,304	949,304	949,304	-
FUND BALANCE, END OF YEAR	<u>\$ 950,839</u>	<u>\$ 1,097,148</u>	<u>\$ 1,144,001</u>	<u>\$ 46,853</u>

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN ASSET/LIABILITY
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.01450559%	0.01486462%	0.01510940%	0.01468076%	0.01370718%
District's proportionate share of the net pension liability (asset)	\$ (356,297)	\$ 241,547	\$ 124,538	\$ (435,889)	\$ 487,658
District's covered payroll	\$ 2,107,081	\$ 2,189,804	\$ 2,076,070	\$ 2,051,209	\$ 1,952,063
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-16.91%	11.03%	6.00%	-21.25%	24.98%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%

*The amounts presented for each fiscal year were determined as of a measurement date of 12/31 that occurred within the fiscal year.

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
WISCONSIN RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Year Ended: **June 30,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 154,241	\$ 136,956	\$ 142,457	\$ 135,469	\$ 130,787
Contributions in Relation to the Contractually Required Contributions	<u>(154,241)</u>	<u>(136,956)</u>	<u>(142,457)</u>	<u>(135,469)</u>	<u>(130,787)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's Covered Payroll	 \$ 2,242,278	 \$ 2,049,923	 \$ 2,120,150	 \$ 1,994,406	 \$ 1,952,063
 Contributions as a Percentage of Covered Payroll	 6.88%	 6.68%	 6.72%	 6.79%	 6.70%

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.

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: December 31,	2017	2018
District's proportion of the net OPEB liability (asset)	0.02701900%	0.02621700%
District's proportionate share of the net OPEB liability (asset)	\$ 81,289	\$ 67,649
District's covered payroll	\$ 1,136,226	\$ 1,459,000
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%	4.64%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%	48.69%

*The amounts presented for each fiscal year were determined as of the 12/31 measurement date that occurred within the fiscal year.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Year Ended: June 30,	2018	2019
Contractually Required Contributions	\$ 505	\$ 505
Contributions in Relation to the Contractually Required Contributions	(505)	(505)
Contribution Deficiency (Excess)	\$ -	\$ -
 District's Covered Payroll	 \$ 1,994,406	 \$ 1,459,000
 Contributions as a Percentage of Covered Payroll	 0.03%	 0.03%

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

Changes of Assumptions. There were no changes in the assumptions.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2019
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	2016	2017	2018	2019
Total OPEB Liability				
Service Cost	\$ 116,714	\$ 116,714	\$ 100,746	\$ 109,183
Interest	50,197	54,188	56,722	45,375
Changes of Benefit Terms	-	-	(174,899)	-
Differences Between Expected and Actual Experience	-	-	(221,809)	-
Changes of Assumptions or Other Input	-	17,054	42,940	27,425
Benefit Payments	(66,450)	(54,506)	(55,408)	(60,143)
Net Change in Total OPEB Liability	100,461	133,450	(251,708)	121,840
Total OPEB Liability - Beginning	1,313,445	1,413,906	1,547,356	1,295,648
Total OPEB Liability - Ending (a)	<u>\$ 1,413,906</u>	<u>\$ 1,547,356</u>	<u>\$ 1,295,648</u>	<u>\$ 1,417,488</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 72,718	\$ 76,685	\$ 74,096	\$ 66,743
Net Investment Income	1,557	1,272	2,178	3,686
Benefit Payments	(66,450)	(54,506)	(55,408)	(60,143)
Net Change in Plan Fiduciary Net Position	7,825	23,451	20,866	10,286
Plan Fiduciary Net Position - Beginning	201,308	209,133	232,584	253,450
Plan Fiduciary Net Position - Ending (b)	<u>\$ 209,133</u>	<u>\$ 232,584</u>	<u>\$ 253,450</u>	<u>\$ 263,736</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 1,204,773</u>	<u>\$ 1,314,772</u>	<u>\$ 1,042,198</u>	<u>\$ 1,153,752</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.79%	15.03%	19.56%	18.61%
Covered Payroll	\$ 1,635,797	\$ 1,635,797	\$ 1,585,833	\$ 1,633,408
District's Net OPEB Liability as a Percentage of Covered Payroll	73.65%	80.38%	65.72%	70.63%

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO OPEB PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2019
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	2016	2017	2018	2019
Actuarially Determined Contribution (ADC)	\$ 183,468	\$ 183,468	\$ 80,532	\$ 66,743
Contributions in Relation to the Actuarially Determined Contribution	72,718	76,685	74,096	66,743
Contribution Deficiency (Excess)	<u>\$ 110,750</u>	<u>\$ 106,783</u>	<u>\$ 6,436</u>	<u>\$ -</u>
Covered Payroll	1,635,797	1,635,797	1,585,833	1,633,408
Contributions as a Percentage of Covered Payroll	4.45%	4.69%	4.67%	4.09%

Notes to Schedule

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuary Cost Method:	Entry Age Normal
Amortization Method:	Level % of Salary
Amortization Period:	30 Years
Asset Valuation Method:	Market Value
Discount Rate:	3.00%
Inflation:	2.50%
Healthcare Cost Trend Rates	6.5% decreasing 0.5% to 5.0% over 6 years
Salary Increases:	3.0%
Investment Rate of Return:	0.50%
Retirement Age:	In the 2018 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.

Changes of Assumptions. In 2019, the discount rate changed from 3.30 percent to 3.00 percent.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF DISTRICT'S INVESTMENT RETURNS ON OPEB PLAN ASSETS
LAST TEN FISCAL YEARS
JUNE 30, 2019
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Annual Money-Weighted Rate of Return,
Net of Investment Expense

<u>Year</u>	
2016	3.00%
2017	1.68%
2018	0.89%
2019	1.42%

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF CHANGES IN THE DISTRICT'S PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2019
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date June 30,	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Pension Liability				
Interest	\$ 3,718	\$ 2,595	\$ 1,320	\$ 1,663
Differences Between Expected and Actual Experience	-	-	31,095	-
Changes of Assumptions or Other Input	-	2,495	56	134
Benefit Payments	(16,665)	(50,690)	(22,673)	(22,673)
Net Change in Total Pension Liability	(12,947)	(45,600)	9,798	(20,876)
Total Pension Liability - Beginning	<u>107,491</u>	<u>94,544</u>	<u>48,944</u>	<u>58,742</u>
Total Pension Liability - Ending (a)	<u>\$ 94,544</u>	<u>\$ 48,944</u>	<u>\$ 58,742</u>	<u>\$ 37,866</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ -	\$ 55,348	\$ 23,807	\$ 23,807
Net Investment Income	-	26	28	65
Benefit Payments	-	(50,690)	(22,673)	(22,673)
Net Change in Plan Fiduciary Net Position	-	4,684	1,162	1,199
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>4,684</u>	<u>5,846</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ 4,684</u>	<u>\$ 5,846</u>	<u>\$ 7,045</u>
District's Net Pension Liability - Ending (a) - (b)	<u>\$ 94,544</u>	<u>\$ 44,260</u>	<u>\$ 52,896</u>	<u>\$ 30,821</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	9.57%	9.95%	18.61%

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO SUPPLEMENTAL PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2019
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	2017	2018	2019
Actuarially Determined Contribution (ADC)	\$ 56,787	\$ 22,673	\$ 22,673
Contributions in Relation to the Actuarially Determined Contribution	55,348	23,807	23,807
Contribution Deficiency (Excess)	<u>\$ 1,439</u>	<u>\$ (1,134)</u>	<u>\$ (1,134)</u>

Changes of Benefit Terms. There were no changes to the benefit terms.

Changes of Assumptions. None.

Methods and assumptions used to determine contribution rates:

Actuary Cost Method:	Entry Age Normal
Amortization Method:	Level % of Salary
Amortization Period:	30 Years
Asset Valuation Method:	Market Value
Discount Rate:	3.00%
Inflation:	2.50%
Healthcare Cost Trend Rates	6.5% decreasing 0.5% to 5.0% over 6 years
Salary Increases:	3.0%
Investment Rate of Return:	0.50%
Retirement Age:	In the 2018 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF DISTRICT'S INVESTMENT RETURNS ON
SUPPLEMENTAL PENSION PLAN ASSETS
LAST TEN FISCAL YEARS
JUNE 30, 2019
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Annual Money-Weighted Rate of Return,
Net of Investment Expense

<u>Year</u>	
2016	N/A
2017	1.68%
2018	0.89%
2019	1.42%

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information for the general fund is derived from the District's annual operating budget.

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The District's legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund and at the fund 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 the 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 the 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.

Budget amounts in the financial statements include both original adopted budget and the final budget. The District did make changes to its adopted budget for the general fund.

EXCESS OF EXPENDITURES OVER BUDGET

Comparisons of actual revenues and expenditures to budgeted amounts for the District's general fund are presented as required supplementary information following the notes to the basic financial statements. Expenditures in excess of budgeted amounts at the legally adopted levels for are shown in those schedules.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Donations Fund</u>	
ASSETS			
Cash and Investments	\$ 40,653	\$ 259,858	\$ 300,511
Accounts Receivable	15	-	15
Due from Other Governments	4,086	-	4,086
Inventory	4,104	-	4,104
Total Assets	<u>\$ 48,858</u>	<u>\$ 259,858</u>	<u>\$ 308,716</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 4	\$ 152	\$ 156
Unearned Revenue	2,520	-	2,520
Total Liabilities	<u>2,524</u>	<u>152</u>	<u>2,676</u>
Fund Balances			
Nonspendable	4,104	-	4,104
Restricted	42,230	259,706	301,936
Total Fund Balance	<u>46,334</u>	<u>259,706</u>	<u>306,040</u>
Total Liabilities and Fund Balances	<u>\$ 48,858</u>	<u>\$ 259,858</u>	<u>\$ 308,716</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2019**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Donation Fund</u>	
REVENUES			
Local Sources			
Other Local Sources	\$ 58,929	\$ 293,529	\$ 352,458
State Sources	3,646	-	3,646
Federal Sources	118,131	-	118,131
Total Revenues	<u>180,706</u>	<u>293,529</u>	<u>474,235</u>
EXPENDITURES			
Instructional Services:			
Undifferentiated Curriculum	-	2,306	2,306
Regular Curriculum	-	1,039	1,039
Vocational Education	-	27,849	27,849
Co-Curricular Activities	-	3,348	3,348
Other Special Needs	-	1,357	1,357
Support Services:			
Instructional Staff Services	-	57,887	57,887
Business Administration	3,587	-	3,587
Operation and Maintenance of Plant	9,132	-	9,132
Food Service	179,604	-	179,604
Central Services	176	-	176
Other Support Services	578	-	578
Non Program Transactions	-	8	8
Total Expenditures	<u>193,077</u>	<u>93,794</u>	<u>286,871</u>
NET CHANGE IN FUND BALANCES	(12,371)	199,735	187,364
Fund Balances, Beginning of Year	<u>58,705</u>	<u>59,971</u>	<u>118,676</u>
FUND BALANCES, End of Year	<u>\$ 46,334</u>	<u>\$ 259,706</u>	<u>\$ 306,040</u>

SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
DEBT SERVICE FUND
COMBINING BALANCE SHEET
JUNE 30, 2019

	Non-Referendum Debt	Referendum Debt	Total
ASSETS			
Cash and Investments	\$ 1,272	\$ 133	\$ 1,405
LIABILITIES AND FUND BALANCE			
Fund Balance:			
Restricted	\$ 1,272	\$ 133	\$ 1,405

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
DEBT SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2019**

	Non-Referendum Debt	Referendum Debt	Total
REVENUES:			
Local Sources:			
Property Taxes	\$ 914,014	\$ -	\$ 914,014
Interest on Investments	4	-	4
Total Revenues	914,018	-	914,018
EXPENDITURES:			
Debt Service:			
Principal Retirement	873,760	-	873,760
Interest and Fiscal Fees	40,254	-	40,254
Total Expenditures	914,014	-	914,014
NET CHANGE IN FUND BALANCE	4	-	4
Fund Balances, Beginning of Year	1,268	133	1,401
FUND BALANCES, End of Year	\$ 1,272	\$ 133	\$ 1,405

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
COMBINING BUDGETARY COMPARISON SCHEDULE
FUND 10 (GENERAL FUND) AND FUND 27 (SPECIAL EDUCATION FUND)
YEAR ENDED JUNE 30, 2019**

	Original Budgets				Final Budgets				Actuals			
	Fund 10	Fund 27	Elimination	Combined	Fund 10	Fund 27	Elimination	Combined	Fund 10	Fund 27	Elimination	Combined
	General	Special			General	Special			General	Special		
	Fund	Education			Fund	Education			Fund	Education		
REVENUES												
Local Sources												
Property Taxes	\$ 2,525,813	\$ -	\$ -	\$ 2,525,813	\$ 2,525,813	\$ -	\$ -	\$ 2,525,813	\$ 2,525,813	\$ -	\$ -	\$ 2,525,813
Other Local Sources	29,428	150	-	29,578	41,998	150	-	42,148	43,355	150	-	43,505
Interdistrict Sources	1,011,155	-	-	1,011,155	982,901	-	-	982,901	982,901	-	-	982,901
Intermediate Sources	9,602	9,000	-	18,602	8,505	6,679	-	15,184	8,505	6,679	-	15,184
State Sources	633,560	132,116	-	765,676	580,284	133,155	-	713,439	580,278	133,155	-	713,433
Federal Sources	119,813	104,162	-	223,975	111,699	112,250	-	223,949	114,209	106,904	-	221,113
Other Revenues	11,700	-	-	11,700	11,949	-	-	11,949	14,656	-	-	14,656
Total Revenues	4,341,071	245,428	-	4,586,499	4,263,149	252,234	-	4,515,383	4,269,717	246,888	-	4,516,605
EXPENDITURES												
Instruction:												
Undifferentiated Curriculum	853,254	-	-	853,254	825,557	-	-	825,557	824,140	-	-	824,140
Regular Curriculum	728,192	-	-	728,192	702,412	-	-	702,412	698,238	-	-	698,238
Vocational Education	136,429	-	-	136,429	132,779	-	-	132,779	132,742	-	-	132,742
Special Education Curriculum	-	423,227	-	423,227	-	387,057	-	387,057	-	387,057	-	387,057
Physical Curriculum	149,424	-	-	149,424	147,773	-	-	147,773	147,766	-	-	147,766
Co-Curricular Activities	69,135	-	-	69,135	68,373	-	-	68,373	68,355	-	-	68,355
Other Special Needs	2,384	-	-	2,384	4,019	78	-	4,097	4,016	77	-	4,093
Total Instructional	1,938,818	423,227	-	2,362,045	1,880,913	387,135	-	2,268,048	1,875,257	387,134	-	2,262,391
Support Services:												
Pupil Services	76,190	30,490	-	106,680	78,026	36,822	-	114,848	78,010	36,816	-	114,826
Instructional Staff Services	147,486	74,204	-	221,690	155,347	68,886	-	224,233	141,785	68,242	-	210,027
General Administration	209,956	-	-	209,956	204,684	-	-	204,684	203,412	-	-	203,412
Building Administration	208,695	-	-	208,695	201,466	-	-	201,466	200,799	-	-	200,799
Business Administration	200,640	-	-	200,640	192,231	-	-	192,231	191,525	-	-	191,525
Operation and Maintenance of Plant	395,700	-	-	395,700	363,557	-	-	363,557	353,834	-	-	353,834
Pupil Transportation	296,725	19,500	-	316,225	274,664	9,000	-	283,664	274,147	8,578	-	282,725
Internal Services	5,287	-	-	5,287	4,665	-	-	4,665	4,154	-	-	4,154
Central Services	19,975	-	-	19,975	21,229	-	-	21,229	16,742	-	-	16,742
Insurance and Judgments	51,678	-	-	51,678	45,472	-	-	45,472	45,615	-	-	45,615
Debt Services	8,021	-	-	8,021	9,320	-	-	9,320	9,320	-	-	9,320
Other Support Services	95,749	-	-	95,749	103,723	-	-	103,723	98,564	-	-	98,564
Total Support Services	1,716,102	124,194	-	1,840,296	1,654,384	114,708	-	1,769,092	1,617,907	113,636	-	1,731,543
Non-Program	357,845	25,778	-	383,623	345,346	25,778	-	371,124	343,004	25,695	-	368,699
Total Expenditures	4,012,765	573,199	-	4,585,964	3,880,643	527,621	-	4,408,264	3,836,168	526,465	-	4,362,633
EXCESS OF REVENUES OVER EXPENDITURES	328,306	(327,771)	-	535	382,506	(275,387)	-	107,119	433,549	(279,577)	-	153,972
OTHER FINANCING SOURCES (USES)												
Sale of Capital Assets	1,000	-	-	1,000	40,725	-	-	40,725	40,725	-	-	40,725
Transfers Out	(329,306)	-	329,306	-	(275,656)	-	275,656	-	(279,577)	-	279,577	-
Transfers In	-	329,306	(329,306)	-	-	275,656	(275,656)	-	-	279,577	(279,577)	-
Total Other Financing Sources (Uses)	(328,306)	329,306	-	1,000	(234,931)	275,656	-	40,725	(238,852)	279,577	-	40,725
NET CHANGE IN FUND BALANCE	-	1,535	-	1,535	147,575	269	-	147,844	194,697	-	-	194,697
Fund Balance, Beginning of Year	949,304	-	-	949,304	949,304	-	-	949,304	949,304	-	-	949,304
FUND BALANCE, END OF YEAR	<u>\$ 949,304</u>	<u>\$ 1,535</u>	<u>\$ -</u>	<u>\$ 950,839</u>	<u>\$ 1,096,879</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ 1,097,148</u>	<u>\$ 1,144,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,144,001</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 10
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 2,525,813	\$ 2,525,813	\$ 2,525,813	\$ -
Other Local Sources	29,428	41,998	43,355	1,357
Interdistrict Sources	1,011,155	982,901	982,901	-
Intermediate Sources	9,602	8,505	8,505	-
State Sources	633,560	580,284	580,278	(6)
Federal Sources	119,813	111,699	114,209	2,510
Other	11,700	11,949	14,656	2,707
Total Revenues	<u>4,341,071</u>	<u>4,263,149</u>	<u>4,269,717</u>	<u>6,568</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	853,254	825,557	824,140	1,417
Regular Curriculum	728,192	702,412	698,238	4,174
Vocational Education	136,429	132,779	132,742	37
Physical Curriculum	149,424	147,773	147,766	7
Co-Curricular Activities	69,135	68,373	68,355	18
Other Special Needs	2,384	4,019	4,016	3
Total Instructional	<u>1,938,818</u>	<u>1,880,913</u>	<u>1,875,257</u>	<u>5,656</u>
Support Services:				
Pupil Services	76,190	78,026	78,010	16
Instructional Staff Services	147,486	155,347	141,785	13,562
General Administration	209,956	204,684	203,412	1,272
Building Administration	208,695	201,466	200,799	667
Business Administration	200,640	192,231	191,525	706
Operation and Maintenance of Plant	395,700	363,557	353,834	9,723
Pupil Transportation	296,725	274,664	274,147	517
Internal Services	5,287	4,665	4,154	511
Central Services	19,975	21,229	16,742	4,487
Insurance and Judgments	51,678	45,472	45,615	(143)
Debt Services	8,021	9,320	9,320	-
Other Support Services	95,749	103,723	98,564	5,159
Total Support Services	<u>1,716,102</u>	<u>1,654,384</u>	<u>1,617,907</u>	<u>36,477</u>
Non-Program	<u>357,845</u>	<u>345,346</u>	<u>343,004</u>	<u>2,342</u>
Total Expenditures	<u>4,012,765</u>	<u>3,880,643</u>	<u>3,836,168</u>	<u>44,475</u>
EXCESS OF REVENUES OVER EXPENDITURES	328,306	382,506	433,549	51,043
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	1,000	40,725	40,725	-
Transfers Out	<u>(329,306)</u>	<u>(275,656)</u>	<u>(279,577)</u>	<u>(3,921)</u>
Total Other Financing Sources (Uses)	<u>(328,306)</u>	<u>(234,931)</u>	<u>(238,852)</u>	<u>(3,921)</u>
NET CHANGE IN FUND BALANCE	-	147,575	194,697	47,122
Fund Balance, Beginning of Year	<u>949,304</u>	<u>949,304</u>	<u>949,304</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 949,304</u>	<u>\$ 1,096,879</u>	<u>\$ 1,144,001</u>	<u>\$ 47,122</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 27
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources	\$ 150	\$ 150	\$ 150	\$ -
Intermediate Sources	9,000	6,679	6,679	-
State Sources	132,116	133,155	133,155	-
Federal Sources	104,162	112,250	106,904	(5,346)
Total Revenues	<u>245,428</u>	<u>252,234</u>	<u>246,888</u>	<u>(5,346)</u>
EXPENDITURES				
Special Education Curriculum	423,227	387,057	387,057	-
Other Special Needs	-	78	77	1
Pupil Services	30,490	36,822	36,816	6
Instructional Staff Services	74,204	68,886	68,242	644
Pupil Transportation	19,500	9,000	8,578	422
Non-Program	25,778	25,778	25,695	83
Total Expenditures	<u>573,199</u>	<u>527,621</u>	<u>526,465</u>	<u>1,156</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(327,771)	(275,387)	(279,577)	(4,190)
OTHER FINANCING SOURCES				
Transfers In	<u>329,306</u>	<u>275,656</u>	<u>279,577</u>	<u>3,921</u>
NET CHANGE IN FUND BALANCE	1,535	269	-	(269)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,535</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ (269)</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGE IN BALANCES
YEAR ENDED JUNE 30, 2019**

<u>Organization</u>	<u>Balance July 1, 2018</u>	<u>Net Receipts and Transfers In</u>	<u>Net Disbursements and Transfers Out</u>	<u>Balance June 30, 2019</u>
Accounts Payable	\$ -	\$ 55,248	\$ 54,514	\$ 734
All Sport	3,821	11,906	5,864	9,863
Anne Arling Book Fund	247	250	217	280
AODA	702	1,985	1,892	795
Art Club/John Deering	116	-	-	116
Athletic Incentive	127	-	-	127
Band	4,456	3,036	4,485	3,007
Bobcat Fitness	1,720	2,000	2,387	1,333
Elementary Fundraisers	1,815	432	929	1,318
Box Tops	891	-	-	891
Boys Basketball - HS	909	1,366	1,418	857
Educational Student Group Tours	2,464	3,365	-	5,829
BWD Charter Schools	2,979	-	322	2,657
Cheerleaders - HS	348	-	-	348
Choir	1,622	-	-	1,622
Class of 1997	36	-	-	36
Class of 1998	42	-	-	42
Class of 1999	234	-	-	234
Class of 2000	44	-	-	44
Class of 2003	331	-	-	331
Class of 2006	542	-	-	542
Class of 2007	8	-	-	8
Class of 2008	48	-	-	48
Class of 2010	530	-	-	530
Class of 2011	714	-	-	714
Class of 2012	119	-	-	119
Class of 2013	73	-	-	73
Class of 2014	621	-	-	621
Class of 2015	99	-	-	99
Class of 2016	70	-	-	70
Class of 2018	119	-	-	119
Class of 2019	1,708	-	1,708	-
Class of 2020	284	7,377	5,340	2,321
Class of 2021	189	631	101	719
Class of 2022	44	55	-	99
Class of 2024	50	-	-	50
Class of 2026	25	-	-	25

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGE IN BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2019**

<u>Organization</u>	Balance <u>July 1, 2018</u>	Net Receipts and Transfers In	Net Disbursements and Transfers Out	Balance <u>June 30, 2019</u>
Conservation Club	\$ 10,845	\$ 5,734	\$ 5,933	\$ 10,646
Drama Club	2,656	-	665	1,991
FBLA	1,384	4,386	3,630	2,140
FBLA School Store	-	2,156	829	1,327
Football - HS	1,157	-	-	1,157
Forensics	104	325	325	104
Gay-Straight Alliance	-	435	282	153
Girls Basketball - HS	582	261	580	263
HMV Team	619	993	1,483	129
Interest Account	2,195	699	-	2,894
Ice Fishing	-	2,118	1,351	767
Letterjacket	28	-	-	28
Library Fund	319	20	248	91
Maple Syrup Educ Service Prog	2,875	-	-	2,875
Memorial Garden	28	-	-	28
Middle School Incentives	196	-	196	-
MS Student Council	1,641	112	764	989
MS Vball	195	-	40	155
National Honor Society	3	39	-	42
Power Lifting Checka/Senn	358	-	-	358
Powerade	3,041	-	-	3,041
Project Playground	1,236	-	-	1,236
Softball	2,114	555	906	1,763
Spanish Club	1,172	-	-	1,172
Student Council - HS	2,404	5,593	5,108	2,889
Turning the Tide	2,311	3,550	3,783	2,078
Volleyball - HS	1,495	4,810	3,913	2,392
YCP	726	-	718	8
Total Cash Held for Student Activities	<u>\$ 67,831</u>	<u>\$ 119,437</u>	<u>\$ 109,931</u>	<u>\$ 77,337</u>

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

SECTION I: AUTHORIZER INFORMATION

Authorizing Entity: School District of Birchwood
 Authorizer Address: 300 S Wilson St, Birchwood, WI 54817
 Authorizer Contact Person: Diane Johnson
 Contact Person Title: District Administrator
 Contact Person Phone: 715-354-3471
 Contact Person Email: djohnson@birchwood.k12.wi.us

SECTION II: CHARTER SCHOOL INFORMATION

Charter Schools Currently Under Contract:

School Name:	Contract Start Date:	Contract Expiration Date:	Grades Served:
Birchwood Public Montessori	7/1/2018	6/30/2023	4K-6
Birchwood Blue Hills Charter School	7/1/2018	6/30/2023	7-12
Birchwood Virtual Academy	7/1/2018	6/30/2023	K-12

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS

Birchwood Public Montessori

Reading/English Language Arts Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

STAR 360 was used to track student growth and achievement.

Outcomes:

- 78% of Birchwood Public Montessori School students had a student growth percentile in the average range between the 35 and 65 percentile.
- 100% of the Birchwood Public Montessori School students increased their student growth percentile.
- 100% of the Birchwood Public Montessori School Students increased their reading levels.

Math Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

STAR 360 was used to track student growth and achievement.

Outcomes:

- 71% of Birchwood Public Montessori School students had a student growth percentile in the average range between the 35 and 65 percentile.
- 71% of the Birchwood Public Montessori School Students increased their math scale scores.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)
YEAR ENDED JUNE 30, 2019**

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS (CONTINUED)

Birchwood Public Montessori (Continued)

On-Track Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

Infinite Campus student management system will track student attendance.

Outcomes:

Birchwood Public Montessori School's average daily attendance was 93%.

Birchwood Blue Hills Charter School

Reading/English Language Arts Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

BBHCS measures progress toward Reading/Language Arts goals through the use of STAR360 and BBHCS Data Analysis Reports to track academic growth.

Outcomes:

- STAR 360 – BBHCS Middle School students averaged an increase of 85 points on their reading scale scores, with a median student growth percentile of 65.

- STAR 360 – BBHCS High School students averaged an increase of 8 points on their reading scale scores, with a median student growth percentile of 33.

Math Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

BBHCS uses STAR 360 measures progress in Math and ALEKS Math Progress Reporting to measure Math mastery through the ALEKS math assessments.

Outcomes:

- STAR 360 – 89% of the BBHCS students increased their math scores.
- STAR 360 – 45% of the BBHCS students increased their scale scores by a significant amount (78+).

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)
YEAR ENDED JUNE 30, 2019**

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS (CONTINUED)

Birchwood Blue Hills Charter School (Continued)

College and Career Readiness Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

Student attendance documents were used to track attendance.

Outcomes:

- 100% of BBHCS seniors graduated.

- BBHCS attendance for STEM/STEAM activities was:
 - STEM helpers in FAB lab - 100%
 - STEM advisory activities – 100%
 - Mycology Seminar – 80%

- BBHCS attendance for Humanity activities was:
 - State Senator, Representative and Governor Visit- 100%
 - Vietnam War Seminar – 60%
 - Piano Concert – 100%

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)
YEAR ENDED JUNE 30, 2019**

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS (CONTINUED)

Birchwood Virtual Academy

Reading/English Language Arts Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

Fall and Spring Report Cards were used to track English/Reading course grades.
STAR 360 was used to track student growth in Reading.

Outcomes:

- 100% of the BVA students in Grades K-5 showed improved scores on their STAR 360 reading scores from the fall testing date to the spring testing date.
- 100% of the BVA students in Grades K-8 maintained or improved their ELA course grades from the fall semester to the spring semester.
- 80% of the BVA students in Grades 6-12 completed ELA courses with passing grades.

Math Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

Fall and spring report cards were used to track Math course grades.
STAR 360 was used to track student growth in Math.

Outcomes:

- 80% of the BVA students in Grades K-12 showed improved scores on their STAR 360 math scores from the fall testing date to the spring testing date.
- 100% of the BVA students in Grades K-8 maintained or showed growth on their STAR 360 math scores from the fall testing date to the spring testing date.
- 80% of the BVA students in Grades K-8 maintained or showed growth in their math course grades from the fall semester to the spring semester.
- 71.4% of the BVA students in Grades K-12 completed math courses with passing grades.

On-Track (Credits Toward Promotion and Graduation) Achievement – Data taken from 2018-2019 Alternate School Accountability Determination Form

Measurement Tool:

Fall and Spring Report Cards were used to track course grades.

Outcomes:

- 100% of the BVA seniors have a plan to graduate on time.
- 86% of core classes were passed by BVA students in Grades K-12 during the 2018-2019 school year.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)
YEAR ENDED JUNE 30, 2019**

SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS

Operation and Administration Budgets and Finances for each Charter School are run through the Birchwood School District's books in accordance with the Department of Public Instruction WUFAR recordkeeping requirements, are subject to approval of the School Board, and are audited as part of the District's overall annual audit. An independent Governance Board also oversees finances of all three Charter Schools.

SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS (OPTIONAL)

It is expected that the Birchwood School District will continue to support the financial needs of its authorized C

SECTION VI: AUTHORIZER OPERATING COSTS

None to report.

SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS

Birchwood Public Montessori

SERVICES PROVIDED	FUNCTION CODE	COST
UNDIFFERENTIATED CURRICULUM	110000	\$ 224,744
REGULAR CURRICULUM	120000	\$ 696
INSTRUCTIONAL STAFF TRAINING	221300	\$ 3,652
INSTRUCTION RELATED TECHNOLOGY	221500	\$ 1,373
BUILDING ADMINISTRATION	240000	\$ 854
GENERAL OPERATIONS	253000	\$ 5,128
MAINTENANCE	254000	\$ 237
OTHER SERVICES	431000	\$ 9,210
TOTAL		\$ 259,736

Birchwood Blue Hills Charter School

SERVICES PROVIDED	FUNCTION CODE	COST
UNDIFFERENTIATED CURRICULUM	110000	\$ 89,361
SPECIAL EDUCATION	150000	\$ 2,352
CURRICULUM DEVELOPMENT	221200	\$ 399
INSTRUCTIONAL STAFF TRAINING	221300	\$ 1,400
INSTRUCTION RELATED TECHNOLOGY	221500	\$ 5,610
BUILDING ADMINISTRATION	240000	\$ 854
GENERAL OPERATIONS	253000	\$ 5,128
MAINTENANCE	254000	\$ 237
TOTAL		\$ 105,341

Birchwood Virtual Academy

SERVICES PROVIDED	FUNCTION CODE	COST
UNDIFFERENTIATED CURRICULUM	110000	\$ 14,259
PURCHASED INSTRUCTIONAL SERVICES	430000	\$ 38,155
TOTAL		\$ 52,414

OTHER SCHEDULES

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>U.S. Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	10.553	WI DPI	2019-650441-SB-546	\$ 136	\$ 25,783	\$ 25,919	\$ -
Commodity Handling Charges Public	10.555 *	WI DPI	A001-00000-650441	-	10,692	10,692	-
National School Lunch Program	10.555	WI DPI	2019-650441-NSL-547	385	71,197	71,582	-
School Snack Program	10.555	WI DPI	2019-650441-NSL-Snacks-566	-	2,565	2,565	-
Summer Food Service Program for Children	10.559	WI DPI	2019-650441-SFSP-586	<u>3,968</u>	<u>7,894</u>	<u>7,776</u>	<u>4,086</u>
Total Child Nutrition Cluster				4,489	118,131	118,534	4,086
<u>U.S. Department of Education</u>							
Title I (IASA Basic Grant)	84.010	WI DPI	2019-650441-Title I-141	68,952	64,674	68,952	64,674
Special Education Cluster							
Flow-Through - High Cost Special Education Aid	84.027	WI DPI	2019-650441-IDEA-341	-	7,841	7,841	-
Flow-Through	84.027	CESA #11	2019-650441-IDEA-341	93,239	96,072	93,239	96,072
Flow-Through Early Childhood	84.173	CESA #11	2019-650441-Pre-S-347	<u>2,911</u>	<u>2,991</u>	<u>2,911</u>	<u>2,991</u>
Total Special Education Cluster				96,150	106,904	103,991	99,063
Title IV-B 21st Century Community Learning Center	84.287	WI DPI	2019-650441-CLC-367	55,921	-	55,921	-
Rural Education Achievement Program (REAP)	84.358		S358A160758	43,875	20,892	43,875	20,892
ESEA Title II-A Teacher and Principal Training	84.367	WI DPI	2019-650441-Title II-365	18,056	12,730	18,053	12,733
ESEA Title IV-A	84.424A	WI DPI	2019-650441-Title IV A-381	<u>1,519</u>	<u>15,913</u>	<u>1,519</u>	<u>15,913</u>
Total Department of Education				<u>284,473</u>	<u>221,113</u>	<u>292,311</u>	<u>213,275</u>
Total Federal Program Awards				<u>\$ 288,962</u>	<u>\$ 339,244</u>	<u>\$ 410,845</u>	<u>\$ 217,361</u>

* Non-cash assistance

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Expenditures	State Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>Wisconsin Department of Public Instruction</u>					
Entitlement Programs:					
Major State Programs:					
Handicapped Pupils and School Age Parents:	255.101	[1]			
Internal District Programs		\$ -	\$ 109,501	\$ 109,501	\$ -
General Equalization	255.201	-	223	-	223
Total Major Programs		-	109,724	109,501	223
Nonmajor State Programs:					
State Lunch	255.102	-	1,841	1,841	-
Common School Fund	255.103	-	8,772	8,772	-
Pupil Transportation	255.107	-	41,061	41,061	-
Special Adjustment Aid	255.203	-	20,012	8,915	11,097
High Cost Special Education	255.210	-	29,333	29,333	-
Sparsity Aid	255.212	-	93,600	93,600	-
Personal Electronic Computing Device	255.296	-	2,625	2,625	-
School Breakfast Program	255.344	-	1,805	1,805	-
Student Achievement Guarantee in Education	255.504	-	100,859	100,859	-
Educator Effectiveness Grant	255.940	-	2,880	-	2,880
Per Pupil Adjustment Aid	255.945	-	142,572	142,572	-
Aid for High Poverty School District	255.926	-	18,186	18,186	-
High Cost Transportation Aid	255.947	-	89,362	89,362	-
Assessments of Reading Readiness	255.956	-	1,058	1,058	-
Special Education Transition Incentive Grants	255.960	-	1,000	1,000	-
School Safety Grant	455.206	-	54,799	48,321	6,478
Total Nonmajor Programs		-	609,765	589,310	20,455
Total State Financial Assistance		\$ -	\$ 719,489	\$ 698,811	\$ 20,678

[1] District's 2018-19 Aidable Costs Reported to DPI were \$404,345.

OTHER REPORTS



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

Board of Education
School District of Birchwood
Birchwood, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 Birchwood, Wisconsin (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

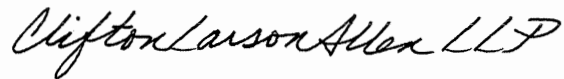
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District of Birchwood's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Rice Lake, Wisconsin
November 25, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
School District of Birchwood
Birchwood, Wisconsin

Report on Compliance for Each Major State Program

We have audited the School District of Birchwood, Wisconsin's (District) compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019. The District's major state programs are identified in the schedule of state financial assistance.

Management's Responsibility

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

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

Opinion on Each Major State Programs

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

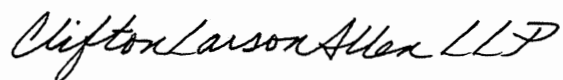
Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Rice Lake, Wisconsin
November 25, 2019

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2019**

2018-001

SEE CURRENT YEAR FINDING 2019-001.

Reason for finding's recurrence: The District continues to work to achieve segregation of duties whenever cost effective. The District Administrator is the official responsible for ensuring corrective action of the deficiency. See the related current year finding for more details.

A. MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS

None.

B. STATE GENERAL REQUIREMENTS

None.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2019**

PART I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to the financial statements noted? yes X no

State Awards

Internal control over financial reporting:

- Material weakness(es) identified yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Type of auditors' report issued: Unmodified

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

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.101	Handicapped Pupils and School Age Parents
255.201	General Equalization Aids

Dollar threshold used to distinguish between type A and type B programs: \$250,000

Auditee qualified as low-risk auditee? yes X no

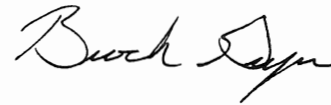
**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

PART I: SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

OTHER ISSUES

- | | |
|---|----------|
| 1. Do the auditors' 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 |
| 2. Does the auditors' report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the <i>Wisconsin Public School District Audit Manual</i> :

Department of Public Instruction
Department of Health Services | No
No |
| 3. Was a management letter or other document conveying audit comments issued as a result of this audit? | No |



- | | |
|------------------------------------|-------------------|
| 4. Name and signature of Principal | Brock Geyen, CPA |
| 5. Date of Report | November 25, 2019 |

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

PART II: FINDINGS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING:

FINDING: 2019-001 Material Weakness - Limited Segregation of Duties

- Criteria:** Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.
- Condition:** The auditors noted during the audit that the available staff may preclude a proper separation of duties to assure adequate internal control. A specific example of a control which is lacking is in cash receipting.
- Context:** The limited size of the District's staff responsible for accounting and financial duties may preclude a complete segregation of incompatible duties. The District has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.
- Cause:** The condition is due to limited staff available.
- Effect:** Lack of segregation of duties could result in a financial statement misstatement caused by error or fraud that would not be detected or prevented by District staff.
- Recommendation:** The District should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District continues to work to achieve segregation of duties whenever cost effective.

Official Responsible for Ensuring CAP:

The District Administrator is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The Board of Education will be monitoring this corrective action plan.

Compensating Controls and Mitigating Factors:

The cash disbursement process includes approval of the disbursements by the school building principal and approval of invoices by the district superintendent. Review of vouchers and account coding is completed by the district bookkeeper. The payroll disbursement process includes building principal approval of timesheets and district bookkeeper review of timesheets and proper account distribution. The School Board reviews monthly payroll and general disbursement reports for approval. The receipts process includes pre-numbered receipts and a reconciliation of deposits performed by the district bookkeeper. The reconciliation and monthly receipt reports are approved by the district superintendent. In addition to the above, receipts are reviewed by the district bookkeeper for proper coding and classification.

**SCHOOL DISTRICT OF BIRCHWOOD
BIRCHWOOD, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

PART III: FINDINGS RELATED TO MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS:

None.

PART IV: FINDINGS RELATED TO STATE GENERAL AND PROGRAM REQUIREMENTS:

None.