

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEAR ENDED JUNE 30, 2019**

**FINANCIAL SECTION**

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Chetek-Weyerhaeuser Area School District  
Chetek, 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 Chetek-Weyerhaeuser Area School District, 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 the 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 of 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 Chetek-Weyerhaeuser Area School District, Wisconsin as of June 30, 2019, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension plan schedules, 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**

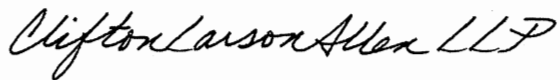
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and charter school authorizer annual report, as referenced in the table of contents, are for purposes of additional analysis and are not a required part of the basic 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, respectively, and are also not a required part of the basic financial statements.

The combining and individual fund statements, charter school authorizer annual report, schedule of expenditures of federal awards, and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The individual and combining schedules, charter school authorizer annual report (section VI only), schedule of expenditures of federal awards, and schedule of state financial assistance have 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 authorizer annual report, sections I through V and VII, 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 19, 2019 on our consideration of District's internal control over financial reporting and on our tests on 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 Chetek-Weyerhaeuser Area School District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
November 19, 2019

## **BASIC FINANCIAL STATEMENTS**



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 7,491,435
Taxes Receivable	3,735,987
Accounts Receivable	2,637
Due from Other Governments	259,947
Capital Assets:	
Not Subject to Depreciation	67,478
Subject to Depreciation	20,942,232
Accumulated Depreciation	(8,742,334)
Total Assets	23,757,382
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Wisconsin Retirement System Pension Related	4,059,187
Supplemental Pension Related	122,975
Total Deferred Outflows of Resources	4,182,162
<b>LIABILITIES</b>	
Accounts Payable	49,814
Payroll Taxes and Withholdings	616,543
Unearned Revenues	1,828
Accrued Interest Payable	7,040
Long-Term Liabilities:	
Wisconsin Retirement System Net Pension Liability	1,570,422
Supplemental Pension Plan Total Pension Liability	835,483
Amounts Due Within One Year	293,681
Amounts Due In More than One Year	488,955
Total Liabilities	3,863,766
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Wisconsin Retirement System Pension Plan Related	2,172,988
Supplemental Pension Related	11,210
Total Deferred Inflows of Resources	2,184,198
<b>NET POSITION</b>	
Net Investment in Capital Assets	11,853,865
Restricted for:	
Debt Service	25,934
Community Service	142,264
Food Service	162,362
Unrestricted	9,707,155
Total Net Position	\$ 21,891,580

See accompanying Notes to Basic Financial Statements.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges For Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
<b>Primary Government:</b>				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 5,570,096	\$ 461,320	\$ 575,926	\$ (4,532,850)
Vocational Instruction	468,010	44,418	13,022	(410,570)
Physical Curriculum	326,312	26,814	-	(299,498)
Special Instruction	1,290,230	105,828	633,036	(551,366)
Co-Curricular Activities	416,856	35,619	-	(381,237)
Other Special Needs	62,230	5,081	-	(57,149)
Total Instruction	8,133,734	679,080	1,221,984	(6,232,670)
Support Services:				
Pupil Services	570,850	-	1,000	(569,850)
Instructional Staff Services	487,782	5,113	147,444	(335,225)
General Administration	320,564	-	4,849	(315,715)
School Building Administration	844,521	-	-	(844,521)
Fiscal	331,257	-	-	(331,257)
Operation and Maintenance of Plant	1,243,777	-	-	(1,243,777)
Facilities Acquisition/Remodeling	206,344	-	-	(206,344)
Pupil Transportation	1,108,477	-	84,025	(1,024,452)
Food Service	487,468	156,453	271,964	(59,051)
Internal Services	3,165	-	-	(3,165)
Central Services	107,441	-	-	(107,441)
Insurance and Judgments	128,950	-	-	(128,950)
Debt Services	43,253	-	-	(43,253)
Other Support Services	456,638	-	-	(456,638)
Community Services	577,788	486,968	-	(90,820)
Other Non-Program	1,480,975	-	-	(1,480,975)
Depreciation - Unallocated	393,611	-	-	(393,611)
Total Support Services	8,792,861	648,534	509,282	(7,635,045)
Total Primary Government	\$ 16,926,595	\$ 1,327,614	\$ 1,731,266	(13,867,715)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				9,675,678
Property Taxes, Levied for Debt Purposes				876,831
Property Taxes, Levied for Community Service Purposes				70,000
Other Taxes				6,959
State and Federal Aids Not Restricted to Specific Functions:				
General				1,662,266
Other				1,480,402
Interest and Investment Earnings				120,644
Miscellaneous				118,795
Total General Revenues				14,011,575
Change in Net Position				143,860
Net Position - Beginning of Year				21,747,720
Net Position - End of Year				\$ 21,891,580

See accompanying Notes to Basic Financial Statements.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	General Fund	Debt Service Fund	Other Governmental Funds	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 7,181,050	\$ 32,974	\$ 277,411	\$ 7,491,435
Taxes Receivable	3,735,987	-	-	3,735,987
Accounts Receivable	1,780	-	857	2,637
Due from Other Governments	230,092	-	29,855	259,947
	<u>230,092</u>	<u>-</u>	<u>29,855</u>	<u>259,947</u>
Total Assets	<u>\$ 11,148,909</u>	<u>\$ 32,974</u>	<u>\$ 308,123</u>	<u>\$ 11,490,006</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 48,145	\$ -	\$ 1,669	\$ 49,814
Payroll Taxes and Withholdings	616,543	-	-	616,543
Unearned Revenues	-	-	1,828	1,828
Total Liabilities	<u>664,688</u>	<u>-</u>	<u>3,497</u>	<u>668,185</u>
<b>Fund Balances:</b>				
Restricted	-	32,974	304,626	337,600
Assigned	291,927	-	-	291,927
Unassigned	10,192,294	-	-	10,192,294
Total Fund Balances	<u>10,484,221</u>	<u>32,974</u>	<u>304,626</u>	<u>10,821,821</u>
Total Liabilities and Fund Balances	<u>\$ 11,148,909</u>	<u>\$ 32,974</u>	<u>\$ 308,123</u>	<u>\$ 11,490,006</u>

See accompanying Notes to Basic Financial Statements.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2019**

**Total Fund Balances - Governmental Funds** \$ 10,821,821

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	\$ 67,478	
Land Improvements	1,056,439	
Buildings	16,415,815	
Equipment	3,469,978	
Accumulated Depreciation	<u>(8,742,334)</u>	12,267,376

Pension liabilities and related deferred inflows and outflows of resources are not reported in the fund statements but are reported in the statement of net position. These balances at year-end are:

Supplemental Pension Plan Total Pension Liability	(835,483)	
Supplemental Pension Plan Deferred Outflows of Resources	122,975	
Supplemental Pension Plan Deferred Inflows of Resources	(11,210)	
Wisconsin Retirement System Net Pension Liability	(1,570,422)	
Wisconsin Retirement System Deferred Outflows of Resources	4,059,187	
Wisconsin Retirement System Deferred Inflows of Resources	<u>(2,172,988)</u>	(407,941)

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 Bonds Payable	298,000	
General Obligation Notes Payable	374,622	
State Trust Fund Loans	38,889	
Accrued Interest Payable on General Obligation Debt	7,040	
Vested Employee Benefits	<u>71,125</u>	<u>(789,676)</u>

**Net Position of Governmental Activities** \$ 21,891,580

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019**

	General Fund	Debt Service Fund	Other Governmental Funds	Totals
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 9,675,678	\$ 876,831	\$ 70,000	\$ 10,622,509
Other Local Sources	151,435	2,354	643,421	797,210
Interdistrict Sources	671,149	-	-	671,149
Intermediate Sources	9,914	-	-	9,914
State Sources	3,941,811	-	8,027	3,949,838
Federal Sources	657,576	-	263,937	921,513
Other Sources	87,192	3,101	1,639	91,932
Total Revenues	<u>15,194,755</u>	<u>882,286</u>	<u>987,024</u>	<u>17,064,065</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular Instruction	5,287,889	-	-	5,287,889
Vocational Instruction	425,111	-	-	425,111
Physical Curriculum	307,359	-	-	307,359
Special Instruction	1,213,052	-	-	1,213,052
Co-Curricular Activities	401,404	-	-	401,404
Other Special Needs	58,247	-	-	58,247
Support Services:				
Pupil Services	537,950	-	-	537,950
Instructional Staff Services	460,038	-	-	460,038
General Administration	301,040	-	-	301,040
School Building Administration	792,659	-	-	792,659
Fiscal	311,755	-	-	311,755
Operation and Maintenance of Plant	1,193,136	-	-	1,193,136
Facilities Acquisition/Remodeling	290,910	-	-	290,910
Pupil Transportation	1,108,477	-	-	1,108,477
Food Service	-	-	462,131	462,131
Internal Services	3,165	-	-	3,165
Central Services	26,182	-	-	26,182
Insurance and Judgments	128,950	-	-	128,950
Debt Service	-	892,131	-	892,131
Other Support Services	452,624	-	-	452,624
Community Services	-	-	538,825	538,825
Other Non-Program	1,480,975	-	-	1,480,975
Total Expenditures	<u>14,780,923</u>	<u>892,131</u>	<u>1,000,956</u>	<u>16,674,010</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	413,832	(9,845)	(13,932)	390,055
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	6,390	-	-	6,390
Transfers In	-	-	67,594	67,594
Transfers Out	(67,594)	-	-	(67,594)
Net Other Financing Sources (Uses)	<u>(61,204)</u>	<u>-</u>	<u>67,594</u>	<u>6,390</u>
<b>NET CHANGE IN FUND BALANCES</b>	352,628	(9,845)	53,662	396,445
Fund Balances - Beginning of Year	<u>10,131,593</u>	<u>42,819</u>	<u>250,964</u>	<u>10,425,376</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 10,484,221</u>	<u>\$ 32,974</u>	<u>\$ 304,626</u>	<u>\$ 10,821,821</u>

See accompanying Notes to Basic Financial Statements.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 396,445**

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

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

Capital Outlays Reported in Governmental Fund Statements	\$ 108,816	
Depreciation Expense Reported in the Statement of Activities	<u>(606,405)</u>	(497,589)

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expense in the statement of activities is measured by the change in net pension asset and the related deferred inflows and outflows of resources. (611,194)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is 835,764

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

Interest Paid During the Current Period	55,154	
Interest Accrued During the Current Period	<u>(45,217)</u>	9,937

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:

Amortization of Bond Premium	3,177	
Net Change in Vested Employee Benefits	<u>7,320</u>	<u>10,497</u>

**Change in Net Position of Governmental Activities** **\$ 143,860**

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2019**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Investments	<u>\$    122,661</u>
<b>LIABILITIES</b>	
Due to Student Organizations	<u>\$    122,661</u>

*See accompanying Notes to Basic Financial Statements.*

**NOTES TO BASIC FINANCIAL STATEMENTS**



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, 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 Chetek-Weyerhaeuser Area School District (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 Chetek-Weyerhaeuser Area School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades pre-kindergarten through twelve and is comprised of all or parts of fourteen 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.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, 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)**

**Government-Wide Statements (Continued)**

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.

**Fund Financial Statements**

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

All remaining governmental funds are aggregated and reported as nonmajor funds.

Additionally, the District reports the following fiduciary fund:

**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 are accounted for in the agency fund.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting**

The government-wide and fiduciary trust funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Fiduciary agency funds do not have a measurement focus.

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

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

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.

**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. The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Deposits and Investments (Continued)**

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.

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.

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**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)**

**Accounts Receivable.** All 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.

**4. Capital Assets**

Capital assets are reported at actual cost or estimated historical costs based on an appraisal conducted by an independent third-party appraisal firm. 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	\$10,000	N/A	N/A
Land Improvements	10,000	Straight-line	10-20 Years
Buildings and Improvements	10,000	Straight-line	7-50 Years
Furniture and Equipment	10,000	Straight-line	5-20 Years
Vehicles	10,000	Straight-line	8 Years
Textbooks, Library and Media*	10,000	Straight-line	10 Years

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Deferred Outflows of Resources**

The District reports decreases in net position or fund balance that relate to future periods as deferred outflows of resources in a separate section of its government-wide statements of net position or governmental fund balance sheet. The District reports deferred outflows of resources for pension related items.

**6. Deferred Inflows of Resources**

The District reports increases in net position or fund balance that relate to future periods as deferred inflows of resources in a separate section of its government-wide statements of net position or governmental fund balance sheet. The District reports deferred inflows of resources for pension related items.

**7. Compensated Absences**

It is the District's policy to permit employees to accumulate paid leave benefits. Liabilities for accumulated employee leave benefits are not accrued in the District's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide financial statements when earned. The District's policies and estimated liabilities at year-end are further discussed in Note 4.C.

**8. Supplemental Pension Plan**

The District offers a supplemental retirement program for eligible teachers wherein the retiree receives an annual stipend for a period of five years. Eligibility is met when they have at least 20 years of service or were at least 50 years old on July 1, 2012 and have at least 15 years of service to the district. Teachers eligible for this benefit will receive a payment of \$2,000 per year of service up to a maximum of \$70,000, to be paid out equally over a period of five years. Related GASB standards were implemented prospectively, meaning that the net pension obligation was zero at transition.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**9. 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.

**10. 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, as well as debt issuance costs, 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.

**11. Equity Classifications**

Fund equity, representing the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources, 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 of 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 positions are displayed as unrestricted.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. Equity Classifications (Continued)**

**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 District's policy that at the end of each fiscal year, the District will maintain unassigned portion of fund balance for cash flow at least equal to 20% of the General Fund operating expenditure budget for the subsequent fiscal year.

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 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 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund financial statements and the government-wide financial statements, certain financial transactions are treated differently. Reconciliations of governmental fund balances and changes thereto to the net position and revenues/expenses shown in the government-wide financial statements are presented on pages 7 and 9, respectively.



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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JUNE 30, 2019**

**NOTE 3 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 balances at June 30, 2019 as shown in the financial statements are as follows:

Governmental Funds	\$ 7,491,435
Fiduciary Fund:	
Agency Fund	122,661
Total	<u>\$ 7,614,096</u>

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 7,446,527
Cash and Investments Held by Fiscal Agents:	
Funds Held by HRA Administrator	167,144
Petty Cash	425
Total	<u>\$ 7,614,096</u>

**Deposits at Financial Institutions**

The District's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and up to \$250,000 for demand deposits at any institution. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the organization or party for whom the funds are held. 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 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.

**Investments**

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

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.

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
AUL Fixed Interest Annuity	\$ -	\$ 167,144	\$ -	\$ 167,144

The above investment consisted of a fixed interest annuity account with American United Life Insurance Company held at MidAmerica. Interest is earned on a daily basis and funds are available on demand.

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 provisions of the Wisconsin Statutes previously discussed in Note 1.E.1.

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 further into the future are more sensitive to changes in market interest rates. The daily maturities of the investment in American United Life mitigate this risk to the District.

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JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Land	\$ 67,478	\$ -	\$ -	\$ 67,478
Land Improvements	1,056,439	-	-	1,056,439
Buildings and Improvements	16,415,815	-	-	16,415,815
Furniture and Equipment	3,368,362	108,816	(7,200)	3,469,978
Total Capital Assets	<u>20,908,094</u>	<u>108,816</u>	<u>(7,200)</u>	<u>21,009,710</u>
Accumulated Depreciation:				
Land Improvements	703,399	35,837	-	739,236
Buildings and Improvements	5,531,539	310,999	(7,200)	5,835,338
Furniture and Equipment	1,908,191	259,569	-	2,167,760
Total Accumulated Depreciation	<u>8,143,129</u>	<u>606,405</u>	<u>(7,200)</u>	<u>8,742,334</u>
Governmental Activities Capital Assets Net of Accumulated Depreciation	<u>\$ 12,764,965</u>	<u>\$ (497,589)</u>	<u>\$ -</u>	<u>\$ 12,267,376</u>

Depreciation was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular Instruction	\$ 59,138
Vocational Instruction	19,088
Co-Curricular Activities	23,695
<b>Support Services:</b>	
Pupil Services	448
Instructional Staff Services	572
General Administrative Services	4,555
Building Administrative Services	738
Operation and Maintenance of Plant	17,293
Food Services	8,365
Central Services	78,902
<b>Unallocated Depreciation</b>	<u>393,611</u>
Total Depreciation for Governmental Activities	<u>\$ 606,405</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2019 was as follows:

Interfund Transfers

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Community Services Fund	General Fund	\$ 67,594

The above transfer was to move donations received in the prior year which were used to fund a memorial paid for by the Community Service Fund.

**D. 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:

	<u>Balances July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Long-Term Debt:					
Refunding Bonds	\$ 915,000	\$ -	\$ 617,000	\$ 298,000	\$ 70,000
Notes	554,497	-	179,875	374,622	184,792
Add Unamortized Premium	3,177	-	3,177	-	-
State Trust Fund Loans	77,778	-	38,889	38,889	38,889
Subtotal	1,550,452	-	838,941	711,511	293,681
Other Long-Term Obligations:					
Vested Employee Benefits	78,445	-	7,320	71,125	-
 Total	 <u>\$ 1,628,897</u>	 <u>\$ -</u>	 <u>\$ 846,261</u>	 <u>\$ 782,636</u>	 <u>\$ 293,681</u>

The District's estimated liability for vested employee benefits is discussed in Note 4.C.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Debt**

The individual long-term debt issues of the District outstanding at June 30, 2019 and their related interest requirements at that date were as follows:

<u>Description</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Refunding Bonds, \$664,000, issued 3/1/13, due 3/1/23 interest at 4.00% (WRS prior service liability)	2020	\$ 70,000	\$ 11,920	\$ 81,920
	2021	73,000	9,120	82,120
	2022	76,000	6,200	82,200
	2023	79,000	3,160	82,160
			<u>298,000</u>	<u>30,400</u>
State Trust Fund Loan, \$350,000 issued 8/31/10, due 3/15/20, interest at 4.25%	2020	38,889	1,657	40,546
General Obligation Notes, \$900,000 issued 3/28/16, due 3/28/21, interest at 2.75%	2020	184,792	10,332	195,124
	2021	189,830	5,222	195,052
		<u>374,622</u>	<u>15,554</u>	<u>390,176</u>
Total General Obligation Debt		<u>\$ 711,511</u>	<u>\$ 47,611</u>	<u>\$ 759,122</u>

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,047,021,025. 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 is as follows.

Debt Limit (10% of \$1,047,021,025)	\$ 104,702,103
Deduct Long-Term Debt Application to Debt Margin	<u>711,511</u>
Margin of Indebtedness	<u>\$ 103,990,592</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Governmental Fund Balances**

The governmental fund balances reported on the fund financial statements at June 30, 2019 consisted of the following:

	Total	Restricted	Assigned	Unassigned
<b>Major Funds:</b>				
General Fund				
Self-Insurance	\$ 291,927	\$ -	\$ 291,927	\$ -
Unassigned	10,192,294	-	-	10,192,294
Subtotal General Fund	10,484,221	-	291,927	10,192,294
Debt Service Payments	32,974	32,974	-	-
<b>Nonmajor funds:</b>				
Special Revenue Funds:				
Food Service Program	162,362	162,362	-	-
Community Service Programs	142,264	142,264	-	-
Total Governmental Fund Balances at June 30, 2019	\$ 10,821,821	\$ 337,600	\$ 291,927	\$ 10,192,294

**NOTE 4 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, 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.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**General Information about the Pension Plan (Continued)**

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

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

*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. 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 fiscal year July 1, 2018 through June 30, 2019, the WRS recognized \$446,812 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

	Employee	Employer
General (including Teachers)	6.55%	6.55%

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 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
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

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

At June 30, 2019, the District reported a liability of \$1,570,422 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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 0.04414165 percent, which was a decrease of 0.00010617 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,053,454. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,223,120	\$ (2,162,037)
Changes of Assumptions	264,715	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,293,493	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	6,577	(10,951)
District Contributions Subsequent to the Measurement Date	271,282	-
Total	<u>\$ 4,059,187</u>	<u>\$ (2,172,988)</u>

\$271,282 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction 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>
2020	\$ 582,327
2021	149,101
2022	255,819
2023	627,670

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

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:	3.1% to 8.6% including inflation
Inflation	3.0%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2018 mortality table
Post-retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based 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.

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	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	N/A	N/A	70%	5.0%
International Equities	N/A	N/A	30%	5.9%
Global Equities	49%	5.5%	N/A	N/A
Fixed Income	24.5%	1.5%	N/A	N/A
Inflation Sensitive Assets	15.5%	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%	

CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
 CHETEK, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

*Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) 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)	\$ 6,241,019	\$ 1,570,422	\$ (1,902,530)

*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>.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Supplemental Pension Plan Benefit**

***Plan Description***

The District offers a supplemental retirement program for eligible employees (the Plan), which is a single-employer defined benefit plan. The Plan's purpose is to provide retirement income to Plan members. The Chetek-Weyerhaeuser Area School District (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	13
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	14
Total	<u>27</u>

***Benefits Provided***

Eligible teachers who retire from the District receive a monthly stipend for a period of up to 60 months. Eligibility is met when they have at least 20 years of service or were at least 50 years old on July 1, 2012, and have at least 15 years of service to the district. Teachers eligible for this benefit will receive a payment of \$2,000 per year of service up to a maximum of \$70,000, to be paid out equally over a period of five years.

The District paid \$80,000 for pension benefits under the Plan that came due during the year ended June 30, 2019.

***Total Pension Liability***

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to Plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer, nonemployer contributing entities, the Plan administrator, and the Plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District must report its total pension liability.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Supplemental Pension Plan Benefit (Continued)**

***Total Pension Liability (Continued)***

The District's total pension liability was determined by an actuarial valuation as of June 30, 2018 (the measurement date). At June 30, 2019, the District reported a total pension liability of \$835,483. Changes in the District's total pension liability were as follows:

Total Pension Liability - June 30, 2018	\$	800,822
Changes for the Year:		
Service Cost		26,836
Interest		26,888
Benefit Payments		(92,000)
Differences Between Expected and Actual Experience		85,950
Changes of Assumptions of Other Input		<u>(13,013)</u>
Net Changes		<u>34,661</u>
Total Pension Liability - June 30, 2019	\$	<u><u>835,483</u></u>

***Pension Costs***

For the year ended June 30, 2019, the District recognized pension expense of \$85,487. 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	\$ 42,975	\$ -
Changes of Assumptions or Other Input	-	11,210
District Contributions Subsequent to the Measurement Date	<u>80,000</u>	<u>-</u>
Total	<u><u>\$ 122,975</u></u>	<u><u>\$ 11,210</u></u>

\$80,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a deduction to the total 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>		Pension Expense Amount
2020		<u>\$ 31,765</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. 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, 2018
Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal (Level Percent of Salary)
Discount Rate:	3.75%
Salary Increases:	0.2% to 5.6% not including inflation
Retirement Age:	Based on most recent Wisconsin Retirement System public school employee tables.
Mortality:	Based on Wisconsin 2012 Mortality Tables with MP-2015 Generational Improvement Scale.

***Discount Rate***

The discount rate used to measure the total pension liability was 3.75 percent. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 3.75%.

***Total Pension Liability Sensitivity***

The following presents the District's total pension liability, calculated using the discount rate of 3.75%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total Pension Liability	<u>\$ 864,409</u>	<u>\$ 835,483</u>	<u>\$ 807,048</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT**  
**CHETEK, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Vested Employee Benefits**

Effective July 1, 2012 the District revised the employee vacation and sick pay policy which allowed benefits to accumulate and be paid out in cash upon termination or retirement. Vacation and sick days were replaced with 15 PTO days per year which do not vest. As of July 1, 2019 the number of PTO days per year increased to 18. Sick leave balances in excess of 120 days on July 1, 2012 were converted into a permanent sick leave reserve to be used if the PTO is depleted. Upon retirement any balance remaining in the sick leave reserve will be paid out according to rates specified in the 2010-11 employee and union agreements. The District's liability for vested employee benefits at June 30, 2019 was estimated at \$71,125 and is recorded as a long-term obligation in the government-wide financial statements.

**D. 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.

**E. 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.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Self-Funded Health and Dental Insurance**

The District established self-funded health and dental insurance plans for its employees. The plan administrators, BPA (health) and Delta Dental (dental), are responsible for the approval, processing, and payment of claims. The District is also responsible for monthly administrative fees. The plans report on a fiscal year ending June 30. Accounting and budgeting requirements of the plans are established by the Wisconsin Department of Public Instruction. Currently the self-funded insurance plans are accounted for in the general fund of the District.

Changes in claims liability for the self-funded health insurance plan for the year ended June 30, 2019 and the two preceding years were as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
6/30/19	\$ 150,000	\$ 1,895,487	\$ (1,835,487)	\$ 210,000
6/30/18	150,000	1,691,507	(1,691,507)	150,000
6/30/17	170,000	1,642,368	(1,662,368)	150,000

Changes in claims liability for the self-funded dental insurance plan for the current year and the two preceding years were as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
6/30/19	\$ 8,000	\$ 107,494	\$ (107,494)	\$ 8,000
6/30/18	8,000	105,028	(105,028)	8,000
6/30/17	8,000	99,945	(99,945)	8,000



**REQUIRED SUPPLEMENTARY INFORMATION**

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT**  
**CHETEK, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 9,675,678	\$ 9,675,678	\$ 9,675,678	\$ -
Other Local Sources	67,600	67,600	151,435	83,835
Interdistrict Sources	694,741	694,741	671,149	(23,592)
Intermediate Sources	9,500	9,500	9,914	414
State Sources	3,807,017	3,807,017	3,941,811	134,794
Federal Sources	706,072	706,072	657,576	(48,496)
Other Revenues	65,550	65,550	87,192	21,642
Total Revenues	<u>15,026,158</u>	<u>15,026,158</u>	<u>15,194,755</u>	<u>168,597</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Undifferentiated Curriculum	2,386,940	2,386,940	2,211,133	175,807
Regular Curriculum	3,090,086	3,090,086	3,076,756	13,330
Vocational Curriculum	367,479	367,479	425,111	(57,632)
Special Curriculum	307,270	307,270	307,359	(89)
Physical Curriculum	1,260,352	1,260,352	1,213,052	47,300
Co-Curricular Activities	417,370	417,370	401,404	15,966
Other Special Needs	54,461	54,461	58,247	(3,786)
Total Instruction	<u>7,883,958</u>	<u>7,883,958</u>	<u>7,693,062</u>	<u>190,896</u>
<b>Support Services:</b>				
Pupil Services	565,170	565,170	537,950	27,220
Instructional Staff Services	412,124	414,419	460,038	(45,619)
General Administration	300,561	300,561	301,040	(479)
School Building Administration	774,163	774,163	792,659	(18,496)
Fiscal	323,583	323,583	311,755	11,828
Operation and Maintenance of Plant	1,118,284	1,118,284	1,193,136	(74,852)
Facilities Acquisition/Remodeling	812,026	812,026	290,910	521,116
Pupil Transportation	1,109,792	1,109,792	1,108,477	1,315
Internal Services	1,940	1,940	3,165	(1,225)
Central Services	60,629	60,629	26,182	34,447
Insurance and Judgments	134,325	134,325	128,950	5,375
Other Support Services	586,773	586,773	452,624	134,149
Total Support	<u>6,199,370</u>	<u>6,201,665</u>	<u>5,606,886</u>	<u>594,779</u>
<b>Non-Program:</b>				
Instructional Services	1,570,282	1,567,987	1,451,633	116,354
Other Non-Program	15,000	15,000	29,342	(14,342)
Total Non-Program	<u>1,585,282</u>	<u>1,582,987</u>	<u>1,480,975</u>	<u>102,012</u>
Total Expenditures	<u>15,668,610</u>	<u>15,668,610</u>	<u>14,780,923</u>	<u>887,687</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(642,452)	(642,452)	413,832	1,056,284
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	-	-	6,390	6,390
Transfers Out	-	-	(67,594)	(67,594)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(61,204)</u>	<u>(61,204)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(642,452)	(642,452)	352,628	995,080
Fund Balance, Beginning of Year	10,131,593	10,131,593	10,131,593	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 9,489,141</u>	<u>\$ 9,489,141</u>	<u>\$ 10,484,221</u>	<u>\$ 995,080</u>

See accompanying Notes to Required Supplementary Information.

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

Measurement Date: December 31,	2014	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	0.04446230%	0.04460845%	0.04427093%	0.04424782%	0.04414165%
District's proportionate share of the net pension liability (asset)	\$ (1,092,116)	\$ 724,849	\$ 364,898	\$ (1,313,770)	\$ 1,570,422
District's covered payroll	\$ 6,173,664	\$ 6,223,827	\$ 6,491,391	\$ 6,541,183	\$ 6,691,721
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17.69%	11.65%	5.62%	20.08%	23.47%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%

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

Fiscal Year Ended: June 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 426,629	\$ 431,847	\$ 436,230	\$ 443,715	\$ 446,812
Contributions in Relation to the Contractually Required Contributions	<u>(426,629)</u>	<u>(431,847)</u>	<u>(436,230)</u>	<u>(443,715)</u>	<u>(446,812)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 6,202,884	\$ 6,469,281	\$ 6,487,479	\$ 6,585,094	\$ 6,761,566
Contributions as a Percentage of Covered Payroll	6.88%	6.68%	6.72%	6.74%	6.61%

*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.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
SUPPLEMENTAL PENSION PLAN LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: June 30,	2016	2017	2018
<b>Total Pension Liability</b>			
Service Cost	\$ 28,870	\$ 28,870	\$ 26,836
Interest	24,395	24,271	26,888
Differences Between Expected and Actual Experience	-	-	85,950
Changes of Assumptions or Other Input	-	(14,114)	(13,013)
Benefit Payments	(49,200)	(65,600)	(92,000)
<b>Net Change in Total Pension Liability</b>	4,065	(26,573)	34,661
<b>Total Pension Liability - Beginning</b>	823,330	827,395	800,822
<b>Total Pension Liability - Ending</b>	\$ 827,395	\$ 800,822	\$ 835,483
 <b>Covered Payroll</b>	 1,085,809	 1,085,809	 850,232
 <b>District's Total Pension Liability as a Percentage of Covered Payroll</b>	 76.2%	 73.75%	 98.27%

*Changes of Benefit Terms.* There were no changes of benefit terms.

*Changes of Assumptions:*

- The discount rate was changed from 3.50% to 3.75%.

**Note:**

No assets are accumulated in a trust that meets all of the following criteria of GASBS No. 73, paragraph 4:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED 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 two digit subfunction 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 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.

Budget amounts in the financial statements include both original adopted budget and the final budget.

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
COMBINING BUDGETARY COMPARISON SCHEDULE  
FUND 10 AND FUND 27  
YEAR ENDED JUNE 30, 2019**

	Original Budgets				Final Budgets				Actuals			
	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined
<b>REVENUES</b>												
Local Sources:												
Property Taxes	\$ 9,675,678	\$ -	\$ -	\$ 9,675,678	\$ 9,675,678	\$ -	\$ -	\$ 9,675,678	\$ 9,675,678	\$ -	\$ -	\$ 9,675,678
Other Local Sources	67,600	-	-	67,600	67,600	-	-	67,600	151,435	-	-	151,435
Interdistrict Sources	694,741	-	-	694,741	694,741	-	-	694,741	671,149	-	-	671,149
Intermediate Sources	7,000	2,500	-	9,500	7,000	2,500	-	9,500	9,353	561	-	9,914
State Sources	3,524,202	282,815	-	3,807,017	3,524,202	282,815	-	3,807,017	3,636,185	305,626	-	3,941,811
Federal Sources	354,866	351,206	-	706,072	354,866	351,206	-	706,072	402,419	255,157	-	657,576
Other Sources	65,550	-	-	65,550	65,550	-	-	65,550	87,192	-	-	87,192
Total Revenues	14,389,637	636,521	-	15,026,158	14,389,637	636,521	-	15,026,158	14,633,411	561,344	-	15,194,755
<b>EXPENDITURES</b>												
Instruction:												
Undifferentiated Curriculum	2,386,940	-	-	2,386,940	2,386,940	-	-	2,386,940	2,211,133	-	-	2,211,133
Regular Curriculum	3,090,086	-	-	3,090,086	3,090,086	-	-	3,090,086	3,076,756	-	-	3,076,756
Vocational Curriculum	367,479	-	-	367,479	367,479	-	-	367,479	425,111	-	-	425,111
Physical Curriculum	307,270	-	-	307,270	307,270	-	-	307,270	307,359	-	-	307,359
Special Curriculum	-	1,260,352	-	1,260,352	-	1,260,352	-	1,260,352	-	1,213,052	-	1,213,052
Co-Curricular Activities	417,370	-	-	417,370	417,370	-	-	417,370	401,404	-	-	401,404
Other Special Needs	54,461	-	-	54,461	54,461	-	-	54,461	58,247	-	-	58,247
Total Instruction	6,623,606	1,260,352	-	7,883,958	6,623,606	1,260,352	-	7,883,958	6,480,010	1,213,052	-	7,693,062
Support Services:												
Pupil Services	392,284	172,886	-	565,170	392,284	172,886	-	565,170	342,086	195,864	-	537,950
Instructional Staff Services	303,423	108,701	-	412,124	303,423	110,996	-	414,419	369,867	90,171	-	460,038
General Administration	300,561	-	-	300,561	300,561	-	-	300,561	301,040	-	-	301,040
School Building Administration	774,163	-	-	774,163	774,163	-	-	774,163	792,659	-	-	792,659
Fiscal	323,583	-	-	323,583	323,583	-	-	323,583	311,755	-	-	311,755
Operation and Maintenance of Plant	1,118,284	-	-	1,118,284	1,118,284	-	-	1,118,284	1,193,136	-	-	1,193,136
Facilities Acquisition/Remodeling	812,026	-	-	812,026	812,026	-	-	812,026	290,910	-	-	290,910
Pupil Transportation	1,028,992	80,800	-	1,109,792	1,028,992	80,800	-	1,109,792	1,043,334	65,143	-	1,108,477
Internal Services	1,940	-	-	1,940	1,940	-	-	1,940	3,165	-	-	3,165
Central Services	60,629	-	-	60,629	60,629	-	-	60,629	26,182	-	-	26,182
Insurance and Judgments	134,325	-	-	134,325	134,325	-	-	134,325	128,950	-	-	128,950
Other Support Services	586,773	-	-	586,773	586,773	-	-	586,773	452,624	-	-	452,624
Total Support Services	5,836,983	362,387	-	6,199,370	5,836,983	364,682	-	6,201,665	5,255,708	351,178	-	5,606,886
Non-Program:												
Instructional Services	1,557,209	13,073	-	1,570,282	1,557,209	10,778	-	1,567,987	1,445,934	5,699	-	1,451,633
Other Non-Program	15,000	-	-	15,000	15,000	-	-	15,000	29,342	-	-	29,342
Total Non-Program	1,572,209	13,073	-	1,585,282	1,572,209	10,778	-	1,582,987	1,475,276	5,699	-	1,480,975
Total Expenditures	14,032,798	1,635,812	-	15,668,610	14,032,798	1,635,812	-	15,668,610	13,210,994	1,569,929	-	14,780,923
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	356,839	(999,291)	-	(642,452)	356,839	(999,291)	-	(642,452)	1,422,417	(1,008,585)	-	413,832
<b>OTHER FINANCING SOURCES (USES)</b>												
Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	6,390	-	-	6,390
Transfers In	-	999,291	(999,291)	-	-	999,291	(999,291)	-	-	1,008,585	(1,008,585)	-
Transfers Out	(999,291)	-	999,291	-	(999,291)	-	999,291	-	(1,076,179)	-	1,008,585	(67,594)
Total Other Financing Sources (Uses)	(999,291)	999,291	-	-	(999,291)	999,291	-	-	(1,069,789)	1,008,585	-	(61,204)
<b>NET CHANGE IN FUND BALANCE</b>	(642,452)	-	-	(642,452)	(642,452)	-	-	(642,452)	352,628	-	-	352,628
Fund Balance - Beginning of Year	10,131,593	-	-	10,131,593	10,131,593	-	-	10,131,593	10,131,593	-	-	10,131,593
<b>FUND BALANCE - END OF YEAR</b>	\$ 9,489,141	\$ -	\$ -	\$ 9,489,141	\$ 9,489,141	\$ -	\$ -	\$ 9,489,141	\$ 10,484,221	\$ -	\$ -	\$ 10,484,221

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
FUND 10  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 9,675,678	\$ 9,675,678	\$ 9,675,678	\$ -
Other Local Sources	67,600	67,600	151,435	83,835
Interdistrict Sources	694,741	694,741	671,149	(23,592)
Intermediate Sources	7,000	7,000	9,353	2,353
State Sources	3,524,202	3,524,202	3,636,185	111,983
Federal Sources	354,866	354,866	402,419	47,553
Other Sources	65,550	65,550	87,192	21,642
Total Revenues	<u>14,389,637</u>	<u>14,389,637</u>	<u>14,633,411</u>	<u>243,774</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Undifferentiated Curriculum	2,386,940	2,386,940	2,211,133	175,807
Regular Curriculum	3,090,086	3,090,086	3,076,756	13,330
Vocational Curriculum	367,479	367,479	425,111	(57,632)
Physical Curriculum	307,270	307,270	307,359	(89)
Co-Curricular Activities	417,370	417,370	401,404	15,966
Other Special Needs	54,461	54,461	58,247	(3,786)
Total Instruction	<u>6,623,606</u>	<u>6,623,606</u>	<u>6,480,010</u>	<u>143,596</u>
<b>Support Services:</b>				
Pupil Services	392,284	392,284	342,086	50,198
Instructional Staff Services	303,423	303,423	369,867	(66,444)
General Administration	300,561	300,561	301,040	(479)
School Building Administration	774,163	774,163	792,659	(18,496)
Fiscal	323,583	323,583	311,755	11,828
Operation and Maintenance of Plant	1,118,284	1,118,284	1,193,136	(74,852)
Facilities Acquisition/Remodeling	812,026	812,026	290,910	521,116
Pupil Transportation	1,028,992	1,028,992	1,043,334	(14,342)
Internal Services	1,940	1,940	3,165	(1,225)
Central Services	60,629	60,629	26,182	34,447
Insurance and Judgments	134,325	134,325	128,950	5,375
Other Support Services	586,773	586,773	452,624	134,149
Total Support Services	<u>5,836,983</u>	<u>5,836,983</u>	<u>5,255,708</u>	<u>581,275</u>
<b>Non-Program:</b>				
Instructional Services	1,557,209	1,557,209	1,445,934	111,275
Other Non-Program	15,000	15,000	29,342	(14,342)
Total Non-Program	<u>1,572,209</u>	<u>1,572,209</u>	<u>1,475,276</u>	<u>96,933</u>
Total Expenditures	<u>14,032,798</u>	<u>14,032,798</u>	<u>13,210,994</u>	<u>821,804</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>356,839</b>	<b>356,839</b>	<b>1,422,417</b>	<b>1,065,578</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	-	-	6,390	6,390
Transfers Out	(999,291)	(999,291)	(1,076,179)	(76,888)
Total Other Financing Sources (Uses)	<u>(999,291)</u>	<u>(999,291)</u>	<u>(1,069,789)</u>	<u>(70,498)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(642,452)</b>	<b>(642,452)</b>	<b>352,628</b>	<b>995,080</b>
Fund Balance - Beginning of Year	10,131,593	10,131,593	10,131,593	-
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 9,489,141</u></b>	<b><u>\$ 9,489,141</u></b>	<b><u>\$ 10,484,221</u></b>	<b><u>\$ 995,080</u></b>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
FUND 27  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intermediate Sources	\$ 2,500	\$ 2,500	\$ 561	\$ (1,939)
State Sources	282,815	282,815	305,626	22,811
Federal Sources	351,206	351,206	255,157	(96,049)
Total Revenues	<u>636,521</u>	<u>636,521</u>	<u>561,344</u>	<u>(75,177)</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Special Curriculum	1,260,352	1,260,352	1,213,052	47,300
<b>Support Services:</b>				
Pupil Services	172,886	172,886	195,864	(22,978)
Instructional Staff Services	108,701	110,996	90,171	20,825
Pupil Transportation	80,800	80,800	65,143	15,657
Total Support Services	<u>362,387</u>	<u>364,682</u>	<u>351,178</u>	<u>13,504</u>
<b>Non-Program:</b>				
Instructional Services	<u>13,073</u>	<u>10,778</u>	<u>5,699</u>	<u>5,079</u>
Total Expenditures	<u>1,635,812</u>	<u>1,635,812</u>	<u>1,569,929</u>	<u>65,883</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(999,291)	(999,291)	(1,008,585)	(9,294)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>999,291</u>	<u>999,291</u>	<u>1,008,585</u>	<u>9,294</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service	Community Services	
<b>ASSETS</b>			
Cash and Investments	\$ 133,945	\$ 143,466	\$ 277,411
Accounts Receivable	857	-	857
Due from Other Governments	29,855	-	29,855
	<u>\$ 164,657</u>	<u>\$ 143,466</u>	<u>\$ 308,123</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Vouchers Payable	\$ 467	\$ 1,202	\$ 1,669
Unearned Revenue	1,828	-	1,828
Total Liabilities	<u>2,295</u>	<u>1,202</u>	<u>3,497</u>
<b>Fund Balances:</b>			
Restricted	<u>162,362</u>	<u>142,264</u>	<u>304,626</u>
Total Liabilities and Fund Balances	<u>\$ 164,657</u>	<u>\$ 143,466</u>	<u>\$ 308,123</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service	Community Services	
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ -	\$ 70,000	\$ 70,000
Other Local Sources	156,453	486,968	643,421
State Sources	8,027	-	8,027
Federal Sources	263,937	-	263,937
Other Sources	-	1,639	1,639
Total Revenues	428,417	558,607	987,024
<b>EXPENDITURES</b>			
Support Services:			
Food Service	462,131	-	462,131
Community Services	-	538,825	538,825
Total Expenditures	462,131	538,825	1,000,956
<b>EXCESS OF REVENUES OVER EXPENDITURE:</b>	(33,714)	19,782	(13,932)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	67,594	67,594
<b>NET CHANGE IN FUND BALANCES</b>	(33,714)	87,376	53,662
Fund Balances- Beginning of Year	196,076	54,888	250,964
<b>FUND BALANCES - END OF YEAR</b>	\$ 162,362	\$ 142,264	\$ 304,626

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT**  
**CHETEK, WISCONSIN**  
**DEBT SERVICE FUND**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2019**

	Non-Referendum Debt Service	Referendum Debt Service	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 531	\$ 32,443	\$ 32,974
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Fund Balances:</b>			
Restricted	\$ 531	\$ 32,443	\$ 32,974

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
DEBT SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCES  
YEAR ENDED JUNE 30, 2019**

	<u>Non- Referendum Debt Service</u>	<u>Referendum Debt Service</u>	<u>Totals</u>
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 315,831	\$ 561,000	\$ 876,831
Other Local Sources	-	2,354	2,354
Other Sources	3,101	-	3,101
Total Revenues	<u>318,932</u>	<u>563,354</u>	<u>882,286</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	285,764	550,000	835,764
Interest and Fiscal Fees	33,155	23,212	56,367
Total Expenditures	<u>318,919</u>	<u>573,212</u>	<u>892,131</u>
<b>NET CHANGE IN FUND BALANCES</b>	13	(9,858)	(9,845)
Fund Balances - Beginning of Year	<u>518</u>	<u>42,301</u>	<u>42,819</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 531</u>	<u>\$ 32,443</u>	<u>\$ 32,974</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
 CHETEK, WISCONSIN  
 STUDENT ACTIVITY FUND  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 AND CHANGE IN BALANCES  
 YEAR ENDED JUNE 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>ASSETS</b>				
Cash and Investments	<u>\$ 95,136</u>	<u>\$ 151,200</u>	<u>\$ 123,675</u>	<u>\$ 122,661</u>
<b>LIABILITIES</b>				
Due to Student Organizations	<u>\$ 95,136</u>	<u>\$ 151,200</u>	<u>\$ 123,675</u>	<u>\$ 122,661</u>



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2019**

**SECTION I: AUTHORIZER INFORMATION**

Authorizing Entity: Chetek-Weyerhaeuser Area School District  
Authorizer Address: 1001 Knapp Street, Chetek, WI 54728  
Authorizer Contact Person: Dr. Mark Johnson  
Contact Person Title: Superintendent  
Contact Person Phone: 715-924-2226 Ext. 2007  
Contact Person Email: [mjohnson@cwasd.k12.wi.us](mailto:mjohnson@cwasd.k12.wi.us)

**SECTION II: CHARTER SCHOOL INFORMATION**

**Charter Schools Currently Under Contract:**

<b>School Name:</b>	<b>Contract Start Date:</b>	<b>Contract Expiration Date:</b>	<b>Grades Served:</b>
Link2Learn Charter School	7/1/2019	6/30/2022	4K-12

**Charter Schools Whose Contract was Non-renewed or Revoked:**

None

**Charter Schools Currently Under Contract that have not Opened:**

None

**Charter Schools that Closed:**

None

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS**

The following provides a brief summary of the academic performance for Link2Learn Virtual Charter School. The data points being used for this summary are the Spring 2019 Wisconsin Forward assessments. The data presented show the percentage of students who scored in the proficient and not proficient ranges on assessments in the content areas of English Language Arts, Mathematics, Science, and Social Studies.

Figure 1. L2L Charter English Language Arts Performance

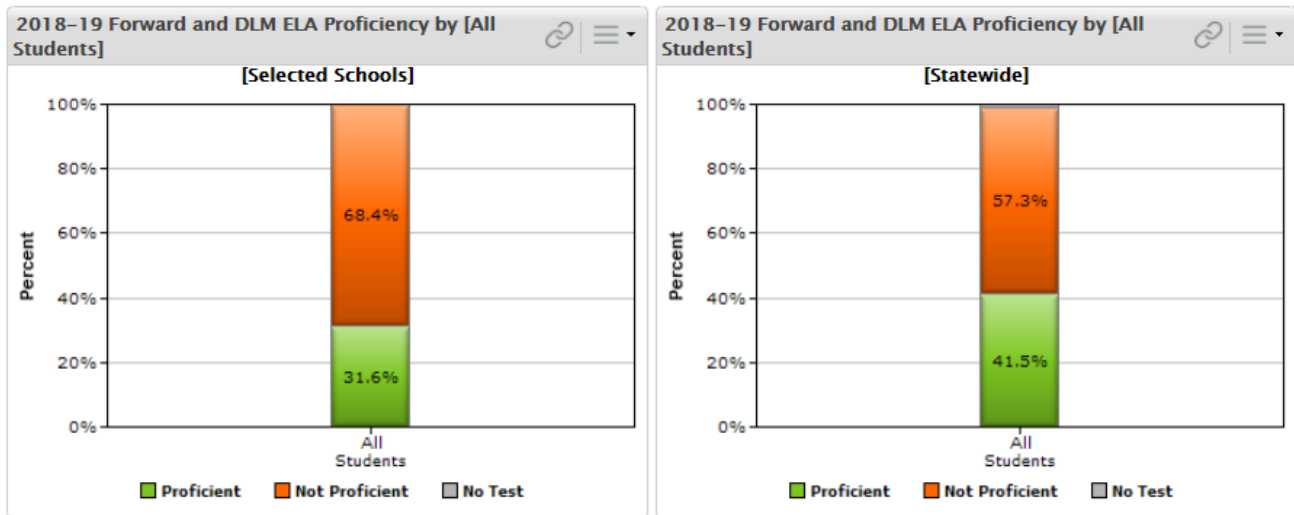
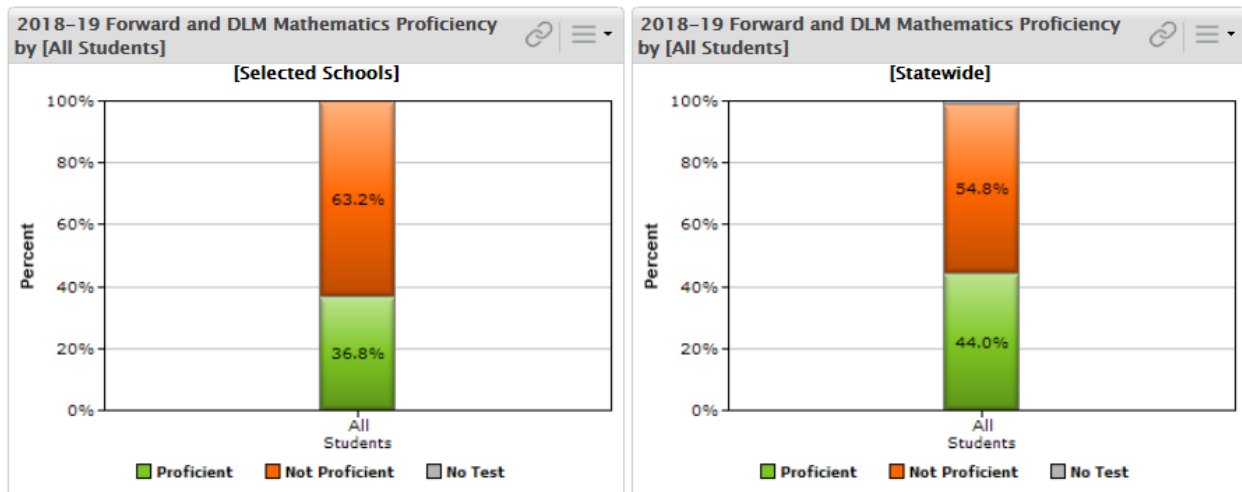


Figure 2. L2L Charter Mathematics Performance



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS (CONTINUED)**

Figure 3. L2L Charter Science Performance

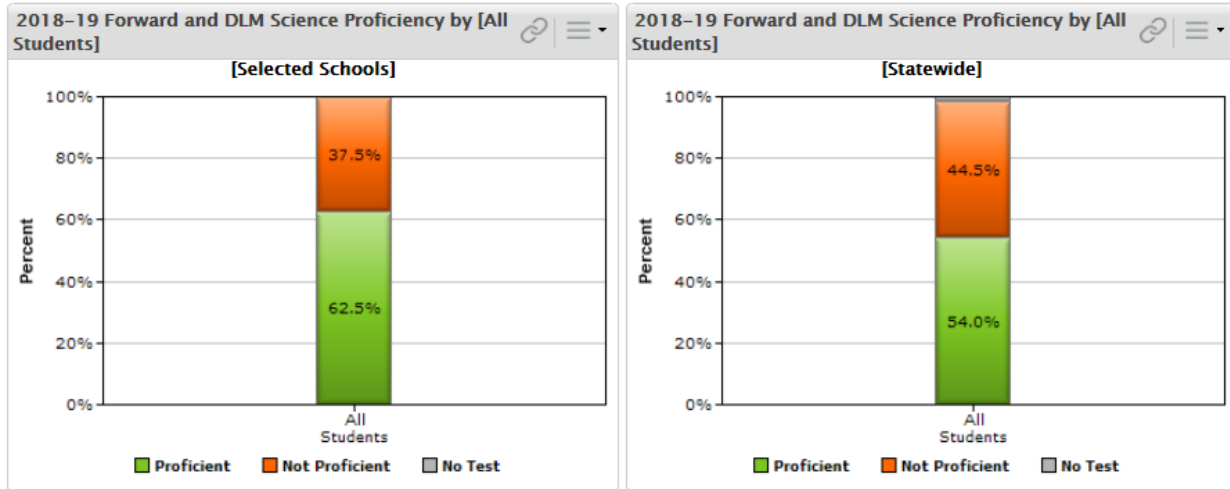
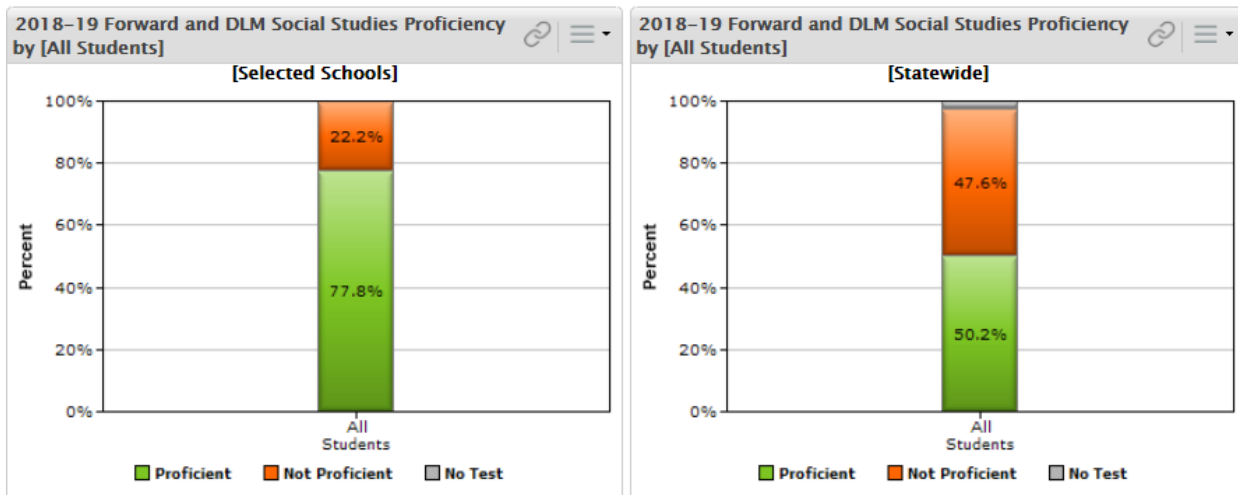


Figure 4. L2L Charter Social Studies Performance



The goal of school districts and schools is to have students score in the Advanced and Proficient ranges. Overall, the L2L Virtual Charter School outscored the State in both Social Studies and Science. They also outscored the district in the same content areas. The L2L Charter School had fewer of its students score in the Advanced or Proficient range on the Spring 2019 Forward assessment in comparison to the District and State in the areas ELA and Mathematics.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS**

The Link2Learn Charter School demonstrates sound financial performance and stays within budgeted amounts. The charter school has been able to establish an adequate fund balance which can be used to offset unforeseen future expenditures.

**SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS – N/A**

**SECTION VI: AUTHORIZER OPERATING COSTS**

NONE

**SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS**

SERVICES PROVIDED	FUNCTION CODE	COST
REGULAR CURRICULUM	120000	\$ 1,000
SPECIAL EDUCATION	150000	1,000
GENERAL ADMINISTRATION	230000	18,238
BUILDING ADMINISTRATION	240000	3,069
BUSINESS SERVICES	252000	17,067
GENERAL OPERATIONS	253000	9,000
TECHNOLOGY	266000	3,718
OTHER SERVICES		2,500
<b>TOTAL</b>		<b>\$ 55,592</b>

**SINGLE AUDIT SECTION**

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, 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	Passed Through to Subrecipients	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	2019-031080-SB-Severe-546	\$ -	\$ -	\$ 44,264	\$ 37,736	\$ 6,528
School Lunch Program:	10.555	WI DPI						
School Lunch			2019-031080-NSL-547	-	-	160,694	137,367	23,327
Food Donation (noncash)			A001-00000-031080	-	-	28,693	28,693	-
Total 10.555				-	-	189,387	166,060	23,327
Summer Food Service Program	10.559	WI DPI	2019-031080-SFSP-586	-	-	30,286	30,286	-
Total Child Nutrition Cluster				-	-	263,937	234,082	29,855
<u>U.S. Department of Education</u>								
ESEA Title I-A Basic Grant	84.010	WI DPI	2019-031080-TIA-141	-	62,502	269,745	218,336	113,911
Special Education Cluster:								
Special Education Grants to States	84.027	WI DPI	2019-031080-IDEA-FT-341	-	41,367	257,326	231,883	66,810
IDEA Preschool Entitlement	84.173	WI DPI	2019-031080-IDEA-PS-347	-	110	3,246	3,216	140
Total Special Education Cluster				-	41,477	260,572	235,099	66,950
Title VI-A Student Support and Academic Achievement	84.424	WI DPI	2019-031080-TIVA-381	-	-	6,233	6,233	-
Quality Teachers and Principals (Title II, Part A)	84.367	WI DPI	2019-031080-TIIA-365	-	12,698	40,298	44,145	8,851
Total Department of Education				-	116,677	576,848	503,813	189,712
<u>U.S. Department of Health and Human Services</u>								
Medical Assistance Program (Medicaid SBS)	93.778	WI DHS	44235600	-	1,598	81,487	83,085	-
Total Federal Program Awards				\$ -	\$ 118,275	\$ 922,272	\$ 820,980	\$ 219,567

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, 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 Reimbursements	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>Wisconsin Department of Public Instruction</u>					
Major State Programs:					
General Equalization	255.201	\$ 10,476	\$ 1,662,266	\$ 1,644,943	\$ 27,799
Special Adjustment Aid	255.203	-	477,482	477,482	-
Total Major Programs		10,476	2,139,748	2,122,425	27,799
Nonmajor State Programs:					
Handicapped Pupils and School Age Parents:	255.101				
Internal District Programs		-	301,626	301,626	-
Participant in Co-op Program at CESA No. 11		-	561	561	-
Total Handicapped Program		-	302,187	302,187	-
State Lunch	255.102	-	4,224	4,224	-
Common School Fund	255.103	-	40,883	40,883	-
Pupil Transportation	255.107	-	77,325	77,325	-
Wisconsin School Day Milk Program	255.115	-	1,730	1,730	-
Personal Electronic Computing Device Grant	255.296	-	10,500	10,500	-
School Breakfast Program	255.344	-	2,073	2,073	-
Achievement Gap Reduction	255.504	-	349,490	349,490	-
Educator Effectiveness Grant	255.940	5,220	4,320	5,220	4,320
Per Pupil Aid	255.945	-	689,970	689,970	-
High Cost Transportation Aid	255.947	-	280,791	280,791	-
Career and Technical Education Incentive Grants	255.950	-	11,000	11,000	-
Aid for Special Education Transition Grant	255.960	-	4,000	4,000	-
<u>Wisconsin Department of Workforce Development</u>					
CESA 11:					
Youth Apprenticeship	445.107	-	2,022	-	2,022
Total Nonmajor Programs		5,220	1,780,515	1,779,393	6,342
Total State Financial Assistance		\$ 15,696	\$ 3,920,263	\$ 3,901,818	\$ 34,141

[1] District's 2018-2019 Net Aidable Costs Reported to DPI Totaled \$1,344,487

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2019**

**NOTE 1 GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the expenditures of all federal financial assistance programs and state financial assistance of the District subject to inclusion under the federal and state single audit requirements. The reporting entity is defined in Note 1 to the financial statements.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

**NOTE 3 FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed for the USDA Commodities Program (CFDA #10.555).

**NOTE 4 INDIRECT COSTS**

The District has not elected to use the 10% de minimis indirect cost rate.

**NOTE 5 MEDICAL ASSISTANCE**

Expenditures presented for the Medicaid School Based Services (SBS) Benefit represent only the federal funds for the program that the District receives from the Department of Health Services (DHS). District records should be consulted to determine the total amount expended for this program.





**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  
Chetek-Weyerhaeuser Area School District  
Chetek, Wisconsin

We have audited, in accordance with 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 Chetek-Weyerhaeuser Area School District, 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 19, 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002 that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

### **Chetek-Weyerhaeuser Area School District'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**

Eau Claire, Wisconsin  
November 19, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES**

Board of Education  
Chetek-Weyerhaeuser Area School District  
Chetek, Wisconsin

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

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

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

***Opinion on Each of the Major Federal and 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 federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs 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, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
November 19, 2019

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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 financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        yes   X   no

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559 84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:   \$750,000  

Auditee qualified as low-risk auditee?        yes   X   no

**State Awards**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*?        yes   X   no

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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

**State Awards (Continued)**

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aids
255.203	Special Adjustment Aid

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

Auditee qualified as low-risk auditee?            yes   X   no

**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 *State Single Audit Guidelines*:
 

Department of Public Instruction	No
Department of Health Services	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   
April L. Anderson, CPA
  
5. Date of Report November 19, 2019

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:**

**FINDING: 2019-001 Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)**

**Criteria:** The District is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including related disclosures, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

**Condition:** The District does not have an internal control policy in place over annual financial reporting that would enable management to conclude its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

**Context:** The District has made the decision due to cost and other considerations to outsource the preparation of the annual financial statements including footnote disclosures.

**Cause:** The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have designated an individual with suitable skill, knowledge, or experience to oversee their preparation and have reviewed, approved and accepted responsibility for the annual financial statements and the related footnote disclosures.

**Effect:** The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls.

**Recommendation:** The District should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

**Views of Responsible Officials:** The District will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures in accordance with GAAP. District management will review, approve, and accept responsibility for these financial statements prior to the issuance. The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)**

**FINDING: 2019-002 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.

**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.

**Views of Responsible Officials:** The District continues to work to achieve segregation of duties whenever cost effective. The District Superintendent is the official responsible for ensuring corrective action of the deficiency.



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**PART III: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS:**

None.

**PART IV: FINDINGS RELATED TO MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS:**

None.

**PART V: FINDINGS RELATED TO STATE GENERAL AND PROGRAM REQUIREMENTS:**

None.