

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Rice Lake Area School District
Rice Lake, 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 Rice Lake 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit 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.

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, charter school authorization annual report and the debt repayment schedules are presented 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 U.S. Office of Management and Budget, 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, respectively, and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

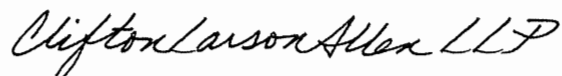
The individual and combining fund statements, the charter school authorization annual report, section VI only, and the schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 financial statements as a whole.

The charter school authorization 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.

Board of Education
Rice Lake Area School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rice Lake Area School District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Rice Lake, Wisconsin
November 26, 2019

REQUIRED SUPPLEMENTARY INFORMATION

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of the Rice Lake Area School District (District), we offer the readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which begin on page 15 following this narrative.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year include the following:

- The assets and deferred outflows of the District exceeded liabilities and deferred inflows at the close of the fiscal year by \$17,494,779 (net position). Of this amount, \$16,725,572 represents net investment in capital assets, \$3,151,107 is for restricted purposes and a negative balance of \$2,381,900 is classified as unrestricted.
- Net position for the most recent fiscal year activities increased \$2,703,574 from the prior year.
- Net capital assets increased by \$936,641, reflecting depreciation expense less than new capital additions.
- The District's general obligation debt, including the current portion, decreased by \$570,932 during the year. The District's other long-term obligations, including the current portions, decreased \$9,539,358 during the year mainly attributed to changes in reporting of the multi-employer life insurance other postemployment benefit.
- Program revenues, in the form of charges for services and operating and capital grants and contributions, accounted for \$6,965,092 of total revenues of \$35,152,932. General revenues accounted for \$28,187,840, including \$16,932,654 of property taxes and \$10,499,731 of general state aid. General revenues accounted for 80.2% of all revenues.
- The District had a total of \$32,449,358 of expenses, of which \$6,965,092 were financed with program revenues.
- The total fund balance of the District's governmental funds increased \$1,170,107. The General Fund increased \$2,102,613 the Debt Service Fund had an increase of \$864,597, the Capital Projects Fund had a decrease of \$1,890,816, and the nonmajor funds had an increase of \$93,713.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basis financial statements, including required supplementary information consisting of the management's discussion and analysis, budgetary comparisons for the major governmental funds, OPEB related schedules, and pension plan related schedules, as referenced in the table of contents.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Government-Wide Financial Statements

The two government-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. These statements are designed to distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*. The District had no programs that were accounted for as business-type activities.

The *Statement of Net Position* presents information on all of the District's assets, deferred inflows/outflows of resources and liabilities with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The *Statement of Activities* presents information showing how the District's net position changed during the year. This statement reports the cost of governmental functions and how those functions were financed for the fiscal year.

Fund Financial Statements

The District also produces *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements and/or to control and manage money for particular purposes. Fund statements generally report operations in more detail than the government-wide statements and provide information that may be useful in evaluating a District's near-term financing requirements. Funds can be categorized into three categories: governmental funds, proprietary funds, and fiduciary funds. The District had no proprietary funds for the fiscal year ended June 30, 2019.

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

Governmental funds include the District's five regular funds (General, Food Service, Education Trust, Community Service and Debt Service) and individual capital projects funds as needed. In the current fiscal year the District had one Capital Projects Fund to account for its athletic complex construction project.

Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, debt service fund and capital projects fund because they are considered to be major funds. Data for the Food Service Fund, Community Service Fund, and Education Trust Fund are combined into a single, aggregated column. Data for each of these individual nonmajor funds is provided separately as supplementary information.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The District adopts annual budgets for its funds in accordance with statutory requirements. A budgetary comparison statement for the General Fund has been provided as required supplementary information.

Fiduciary Funds – The District serves as a trustee, or *fiduciary*, for student and related organizations (agency funds) and for scholarships established with the District by third-party donors (private purpose trust funds) and for employee benefit plans (employee benefit trust fund). The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. Fiduciary activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

Notes of Financial Statements

The *notes to financial statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements follow the basic financial statements.

FINANCIAL ANALYSIS

The District as a Whole

Net Position. Table 1, below, provides a summary of the District's net position for the fiscal year ended June 30, 2019 compared to the prior fiscal year.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities	
	2019	2018
Current and Other Assets	\$ 18,047,632	\$ 20,629,399
Capital Assets	37,281,313	36,344,672
Total Assets	55,328,945	56,974,071
Deferred Outflows of Resources	9,891,664	5,850,570
Long-Term Debt Outstanding	20,555,741	21,126,673
Other Long-Term Obligations	343,869	273,242
Other Liabilities	10,306,157	20,724,419
Total Liabilities	31,205,767	42,124,334
Deferred Inflows of Resources	16,520,063	5,909,102
Net Position:		
Net Investment in Capital Assets	16,725,572	17,280,528
Restricted	3,151,107	2,761,683
Unrestricted	(2,381,900)	(5,251,006)
Total Net Position	\$ 17,494,779	\$ 14,791,205

The largest portion of the District's net position is its investment in capital assets (e.g. land, buildings, and equipment), less related outstanding debt used to acquire those assets. These assets are used to provide services to students and the community and, consequently, are not available for future spending.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Restricted net position accounts for 18.0% of total net position. The District is required by state statute to have available in the Debt Service Fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20), \$1,797,694 is restricted for this purpose. Net position totaling \$334,204 is restricted for the food service purposes, \$981,727 for self-fund health insurance, \$9,144 for community service funds and \$28,338 for education trust funds.

Total liabilities decreased \$10,918,567 during the year, including a net decrease of \$570,932 in general obligation debt.

Net position increased \$2,703,574 during the year, including an increase of \$2,869,106 for unrestricted net position mainly attributable to expenditures being under budgeted amounts in the general fund.

Change in Net Position. Table 2 shows the change in net position for the fiscal years 2019 and 2018.

**Table 2
Change in Net Position**

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,700,504	\$ 1,667,654
Operating Grants and Contributions	5,264,588	4,548,232
Capital Grants and Contributions	-	6,862
General Revenues:		
Property Taxes	16,932,654	16,471,134
State Formula Aid	10,499,731	9,906,907
Other	755,455	500,476
Total Revenues	<u>35,152,932</u>	<u>33,101,265</u>
Expenses:		
Instruction	16,708,632	15,495,405
Pupil and Instructional Services	2,697,368	3,198,003
Administration and Business	2,700,409	2,341,971
Operations and Maintenance	2,354,011	2,090,419
Facilities Acquisition/Remodeling	1,150,553	853,972
Pupil Transportation	1,537,967	1,469,015
Internal Services	1,940	2,175
Central Services	200,800	207,951
Food Service	898,127	841,622
Community Services	118,700	118,700
Interest on Debt and Fiscal Fees	638,719	471,574
Other	3,442,132	2,328,199
Total Expenses	<u>32,449,358</u>	<u>29,419,006</u>
Change in Net Position	<u><u>\$ 2,703,574</u></u>	<u><u>\$ 3,682,259</u></u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As shown in Table 2, general revenues provided 80.2% of the funding required for governmental activities with property taxes providing 48.2% of the total revenues and general state formula aid providing 29.9% of total revenues. Program revenues, consisting of charges for services and operating and capital grants and contributions, provided 19.8% of the total revenues. The program revenues were allocated to the expense functions as shown in Table 3.

The District relies primarily on property taxes and general state aid to fund governmental activities. School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state. The tax levy for repayment of referendum approved debt is not subject to the revenue limit. The District's tax levy for the last two fiscal years consisted of the following components:

	2019	2018
Subject to Revenue Limit:		
General Fund	\$ 14,696,876	\$ 15,276,952
Debt Service (Non-Referendum)	480,259	434,331
Not Subject to Revenue Limit:		
Debt Service (Referendum)	1,598,099	602,556
Community Service	157,420	157,295
	\$ 16,932,654	\$ 16,471,134

General state aid is paid according to a formula taking into consideration District spending and property values on a per student basis compared to spending and property values for the state as a whole. The District's general state aid increased \$592,824 from \$9,906,907 in 2018 to \$10,499,731 in 2019.

Table 3 presents the total cost of the major activities: instruction, pupil and instructional services, administration and business, operation and maintenance, facilities acquisition and remodeling, pupil transportation, internal services, central services, food service, community service, interest and fiscal fees, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

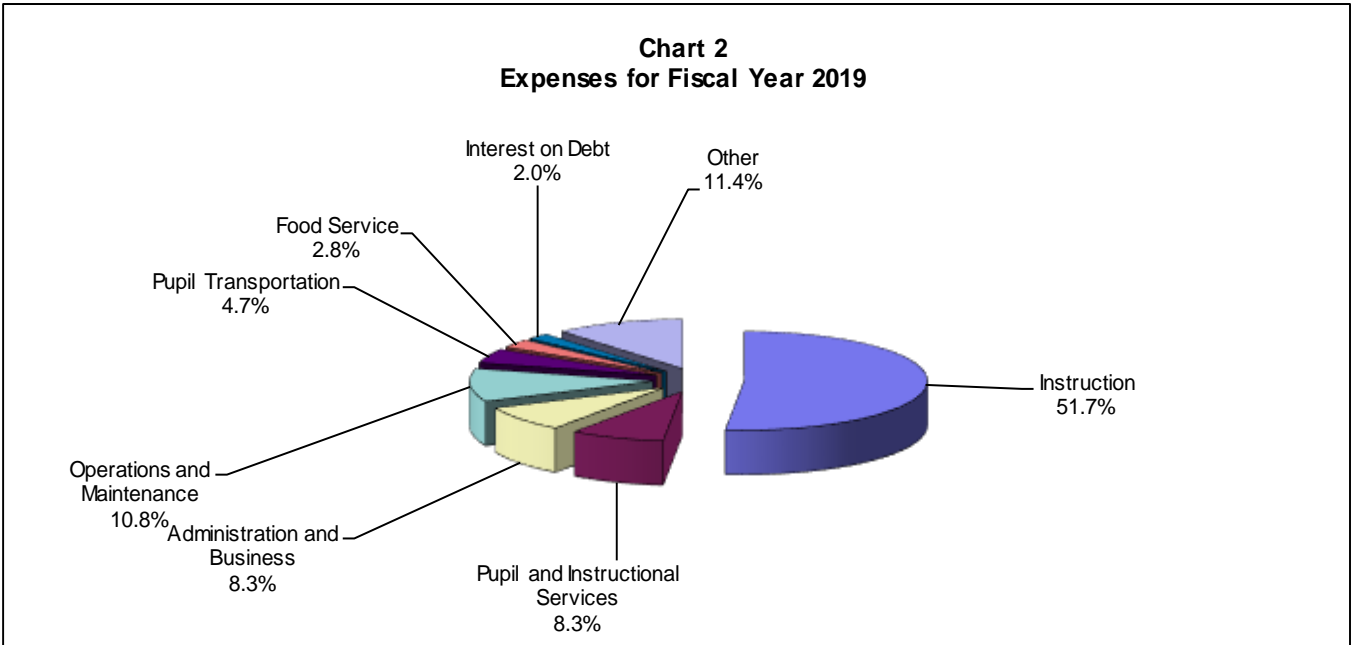
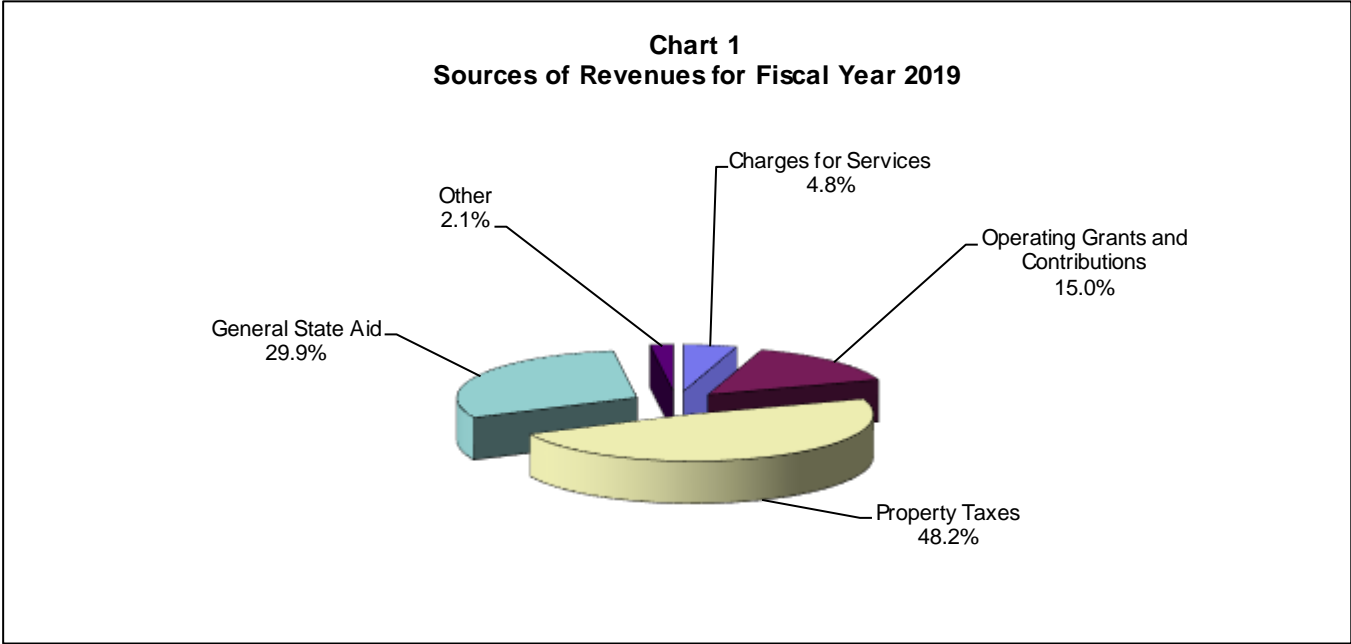
**Table 3
Net Cost of Governmental Activities**

<u>Expense Functions</u>	2019		2018	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 16,708,632	\$ 11,300,801	\$ 15,495,405	\$ 10,749,821
Pupil and Instructional Services	2,697,368	2,262,106	3,198,003	2,822,339
Administration and Business	2,700,409	2,698,517	2,341,971	2,340,318
Operations and Maintenance	2,354,011	2,354,011	2,090,419	2,089,854
Facilities Acquisition/Remodeling	1,150,553	1,150,553	853,972	853,972
Pupil Transportation	1,537,967	1,429,486	1,469,015	1,361,776
Internal Services	1,940	1,940	2,175	2,175
Central Services	200,800	200,800	207,951	207,951
Food Service	898,127	(113,499)	841,622	(150,421)
Community Service	118,700	118,700	118,700	118,700
Interest on Debt and Fiscal Fees	638,719	638,719	471,574	471,574
Other	3,442,132	3,442,132	2,328,199	2,328,199
	<u>\$ 32,449,358</u>	<u>\$ 25,484,266</u>	<u>\$ 29,419,006</u>	<u>\$ 23,196,258</u>

- The cost of all governmental activities for the year was \$32,449,358, an increase of \$3,030,352 (10.3%) from the prior year.
- Individuals who directly participated or benefited from a program offering paid for \$1,700,504 of costs.
- Federal and state governments subsidized certain programs with grants and contributions of \$5,264,588
- Net cost of governmental activities (\$25,484,266), were financed by general revenues, which are made up primarily of property taxes (\$16,932,654) and general state aid (\$10,499,731).

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The composition of governmental revenues by source and governmental expenses by function are illustrated in Chart 1 and Chart 2 below.



**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Governmental Funds

Changes in the District's governmental funds for the year ended June 30, 2019 are reflected below:

<u>Fund</u>	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>	<u>Current Year Change</u>
Major Funds:			
General Fund	\$ 11,809,484	\$ 9,706,871	\$ 2,102,613
Debt Service Fund	1,964,855	1,100,258	864,597
Capital Projects Fund	(296,224)	1,594,592	(1,890,816)
Nonmajor Funds:			
Education Trust Fund	28,338	34,486	(6,148)
Food Service	334,204	240,377	93,827
Community Services Fund	9,144	3,110	6,034
	<u>\$ 13,849,801</u>	<u>\$ 12,679,694</u>	<u>\$ 1,170,107</u>

Following reporting standards, the balance in the General Fund at year end is unassigned by the District even though it will be used partially to finance the outstanding taxes receivable at that date totaling \$5,045,146 which are paid to the District in August subsequent to the June 30, fiscal year-end.

The balance in the Debt Service Fund is to provide for the necessary accumulation of funds for debt retirement needs.

The capital project fund decrease of \$1,890,816 was expected by the District as funds accumulated to finance construction projects were expended.

The balances in the education trust fund, community services fund and food service fund are available to finance future fund operations.

General Fund Budgetary Highlights

Consistent with current statutes and regulations an *original* budget is adopted in October following determination of official enrollment and certification of general state aids. The District did modify the original budget for its general fund for fiscal year 2019 as shown in the budgetary comparison schedule for the general fund under *Required Supplementary Information*. The District had a net favorable budget variance primarily due saving related to the District's switch to a self-funded health insurance plan.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2019, the District had invested approximately \$60 million in a broad range of capital assets, including buildings, sites, library books, and equipment (see Table 4). This amount represents an increase of \$2,622,468 from the previous year. Accumulated depreciation on these assets totaled \$23,056,149.

**Table 4
Capital Assets**

	June 30,		%
	2019	2018	
Land	\$ 1,093,500	\$ 1,093,500	0.0%
Land Improvements	5,120,481	5,120,481	0.0
Buildings and Improvements	44,493,306	39,569,017	12.4
Furniture and Equipment	9,268,678	8,970,508	3.3
Vehicles	361,497	361,497	0.0
Work In Progress	-	2,599,991	N/A
Subtotal	60,337,462	57,714,994	4.5
Accumulated Depreciation	23,056,149	21,370,322	7.9
Total	<u>\$ 37,281,313</u>	<u>\$ 36,344,672</u>	2.6

- Asset acquisitions during the year totaled \$2,622,468.
- There were no asset disposals during the year.
- The District recognized depreciation expense of \$1,685,827 during the year.

More detailed information about capital assets can be found in Note 3.C to the financial statements.

Long-Term Obligations

At year-end the District had approximately \$20.5 million in general obligation debt outstanding which is a decrease of 2.7% from the previous year. The District also had other long-term obligations outstanding of approximately \$6.3 million (see Table 5).

General obligation debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for use for annual debt service payments. The District complies with the statutory requirements.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

	June 30,		%
	2019	2018	
General Obligation Debt:			
General Obligation Bonds	\$ 16,545,000	\$ 16,705,000	-1.0%
General Obligation Notes	3,845,774	4,209,950	(8.7)
City of Rice Lake Note Payable	52,500	78,750	(33.3)
Unamortized Premium	112,467	132,973	(15.4)
Subtotal	<u>20,555,741</u>	<u>21,126,673</u>	(2.7)
Other Long-Term Obligations:			
Single-Employer Health Insurance OPEB	1,752,456	14,785,169	(88.1)
Vested Employee Benefits	343,869	273,242	25.8
WRS Pension Plan Liability	3,524,295	-	N/A
Multi-Employer Life Insurance OPEB	664,414	765,981	N/A
Total	<u>\$ 26,840,775</u>	<u>\$ 36,951,065</u>	(27.4)

- The District retired \$570,932 of outstanding general obligation debt during the year.

More detailed information about the District's long-term liabilities is presented in Note 3.E to the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has settled with all work groups through June of 2019. The district established a performance pay model for support staff while also significantly reducing the pay rates for its support staff. None of the workgroups are represented by a union, but the District has chosen to meet and confer with all groups. All bargaining groups are subject to the employment conditions outlined in the employee handbook.
- The State of Wisconsin has an open enrollment law that allows students to attend the school district of their choice with few restrictions. The state adjusts each district's general state aid payment based on the number of students who transfer between districts. The net loss in revenue due to open enrollment for the Rice Lake Area School District was \$187,543 in the 2018-19 school year. This is an increase of \$39,495 as compared to the 2017-18 school year. This is a result of a small net outflow of students in the 2018-2019 school year through open enrollment.
- The State of Wisconsin's revenue limit formula, which determines the majority of a school districts funding, is directly related to enrollment. The District's enrollment was expected to decline slightly over the next few years. The District saw a small increase in enrollment for the 2018-2019 school year. We expect declining enrollment to have a minimal effect on overall District financial operations. For the 2018-2019 school year the district did not receive an increase in the per-member amount in the revenue limit formula, which continued a trend of 0% increase over many years. It is expected for the 2019-2020 school year that an increase of \$175 per-member will be granted.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Patrick Blackaller, Director of Finance and Operations, Rice Lake Area School District, 700 Augusta Street, Rice Lake, Wisconsin 54868.

BASIC FINANCIAL STATEMENTS

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 12,056,853
Taxes Receivable	5,045,146
Accounts Receivable	176,972
Due from Other Governments	669,488
Due from Fiduciary Fund	99,173
Capital Assets:	
Not Subject to Depreciation	1,093,500
Subject to Depreciation	59,243,962
Accumulated Depreciation	(23,056,149)
Total Assets	55,328,945
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	9,140,862
State Life Insurance Other Postemployment Benefits Related	90,450
Single Employer Other Postemployment Benefits Related	660,352
Total Deferred Outflows of Resources	9,891,664
LIABILITIES	
Accounts Payable	196,055
Accrued Interest Payable	167,161
Accrued Salaries and Wages	1,105,544
Due to Fiduciary Fund	414,693
Payroll Taxes and Withholdings	1,651,023
Claims Payable	803,686
Unearned Revenue	26,830
Long-Term Liabilities:	
Current Portion of Long-Term Obligations	1,257,131
General Obligation Debt	19,367,384
Single Employer Net Other Postemployment Benefits Liability	1,752,456
Compensated Absences	275,095
State Life Insurance Net Other Postemployment Benefits Liability	664,414
Wisconsin Retirement System Net Pension Liability	3,524,295
Total Liabilities	31,205,767
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	4,853,711
State Life Insurance Other Postemployment Benefits Related	177,725
Single Employer Other Postemployment Benefits Related	11,488,627
Total Deferred Inflows of Resources	16,520,063
NET POSITION	
Net Investment in Capital Assets	16,725,572
Restricted for:	
Self-Funded Health Insurance	981,727
Debt Service	1,797,694
Community Service	9,144
Education Trust	28,338
Food Service	334,204
Unrestricted	(2,381,900)
Total Net Position	\$ 17,494,779

See accompanying Notes to Basic Financial Statements.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, 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
Primary Government:				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 11,004,483	\$ 806,048	\$ 2,838,364	\$ (7,360,071)
Vocational Instruction	773,708	64,431	-	(709,277)
Special Instruction	3,368,630	233,796	1,286,412	(1,848,422)
Other Instruction	1,561,811	178,780	-	(1,383,031)
Total Instruction	16,708,632	1,283,055	4,124,776	(11,300,801)
Support Services:				
Pupil Services	1,142,843	600	19,638	(1,122,605)
Instructional Staff Services	1,554,525	931	414,093	(1,139,501)
General Administration Services	626,410	-	1,892	(624,518)
Building Administration Services	1,615,855	-	-	(1,615,855)
Business Services	458,144	-	-	(458,144)
Operations and Maintenance of Plant	2,354,011	-	-	(2,354,011)
Facility Acquisition/Remodeling	1,150,553	-	-	(1,150,553)
Pupil Transportation Services	1,537,967	-	108,481	(1,429,486)
Food Service	898,127	415,918	595,708	113,499
Internal Services	1,940	-	-	(1,940)
Central Services	200,800	-	-	(200,800)
Insurance and Judgments	321,696	-	-	(321,696)
Interest and Fiscal Fees	638,719	-	-	(638,719)
Other Support Services	926,513	-	-	(926,513)
Community Services	118,700	-	-	(118,700)
Non-Program Transactions	1,456,362	-	-	(1,456,362)
Depreciation - Unallocated	737,561	-	-	(737,561)
Total Support Services	15,740,726	417,449	1,139,812	(14,183,465)
Total Primary Government	\$ 32,449,358	\$ 1,700,504	\$ 5,264,588	(25,484,266)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	14,696,876
Property Taxes, Levied for Debt Purposes	2,078,358
Property Taxes, Levied for Community Service Purposes	157,420
Other Taxes	20,083

State Aids Not Restricted to Specific Functions:

General	10,499,731
Other	124,217
Interest and Investment Earnings	193,565
Miscellaneous	417,590
Total General Revenues	28,187,840

Change in Net Position

Change in Net Position	2,703,574
Net Position - Beginning of Year	14,791,205
Net Position - End of Year	\$ 17,494,779

See accompanying Notes to Basic Financial Statements.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Major Funds				Totals
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	
ASSETS					
Cash and Investments	\$ 9,660,332	\$ 1,964,855	\$ 10,894	\$ 420,772	\$ 12,056,853
Taxes Receivable	5,045,146	-	-	-	5,045,146
Accounts Receivable	169,826	-	-	7,146	176,972
Due from Other Governments	669,488	-	-	-	669,488
Due from Other Governmental Funds	310,530	-	-	-	310,530
Due from Fiduciary Funds	99,173	-	-	-	99,173
Total Assets	\$ 15,954,495	\$ 1,964,855	\$ 10,894	\$ 427,918	\$ 18,358,162
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 170,065	\$ -	\$ 22,112	\$ 3,878	\$ 196,055
Accrued Salaries and Wages	1,105,544	-	-	-	1,105,544
Payroll Taxes and Withholdings	1,651,023	-	-	-	1,651,023
Claims Payable	803,686	-	-	-	803,686
Due to Other Governmental Funds	-	-	285,006	25,524	310,530
Due to Fiduciary Funds	414,693	-	-	-	414,693
Unearned Revenues	-	-	-	26,830	26,830
Total Liabilities	4,145,011	-	307,118	56,232	4,508,361
Fund Balances:					
Restricted	981,727	1,964,855	-	371,686	3,318,268
Unassigned	10,827,757	-	(296,224)	-	10,531,533
Total Fund Balances	11,809,484	1,964,855	(296,224)	371,686	13,849,801
Total Liabilities and Fund Balances	\$ 15,954,495	\$ 1,964,855	\$ 10,894	\$ 427,918	\$ 18,358,162

See accompanying Notes to Basic Financial Statements.

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

Total Fund Balances - Governmental Funds \$ 13,849,801

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	\$	1,093,500	
Land Improvements		5,120,481	
Buildings		44,493,306	
Equipment		9,268,678	
Vehicles		361,497	
Accumulated Depreciation		<u>(23,056,149)</u>	37,281,313

Net pension plan asset (liability) and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:

Wisconsin Retirement System Pension Plan:

Net Pension Plan Asset (Liability)		(3,524,295)	
Deferred Outflows of Resources - Pension Related		9,140,862	
Deferred Inflows of Resources - Pension Related		<u>(4,853,711)</u>	762,856

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		16,545,000	
General Obligation Promissory Notes		3,845,774	
Interest-Free Note Payable - City of Rice Lake		52,500	
Unamortized Bond Premium		112,467	
Accrued Interest Payable on General Obligation Debt		167,161	
Net OPEB Liability		2,416,870	
Deferred Inflows of Resources - Other Postemployment Benefits Related		11,666,352	
Deferred Outflows of Resources - Other Postemployment Benefits Related		(750,802)	
Compensated Absences		<u>343,869</u>	<u>(34,399,191)</u>

Net Position of Governmental Activities \$ 17,494,779

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

	Major Funds				Totals
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	
REVENUES					
Local Sources	\$ 15,217,915	\$ 2,094,753	\$ 6,233	\$ 606,598	\$ 17,925,499
Interdistrict Sources	1,049,593	-	-	-	1,049,593
Intermediate Sources	46,562	-	-	-	46,562
State Sources	14,041,133	-	-	20,057	14,061,190
Federal Sources	1,181,600	-	-	575,652	1,757,252
Other Sources	312,836	-	-	-	312,836
Total Revenues	31,849,639	2,094,753	6,233	1,202,307	35,152,932
EXPENDITURES					
Instruction:					
Regular Instruction	11,008,898	-	-	-	11,008,898
Vocational Instruction	776,658	-	-	-	776,658
Special Instruction	3,575,870	-	-	-	3,575,870
Other Instruction	1,563,864	-	-	32,686	1,596,550
Support Services:					
Pupil Services	1,184,228	-	-	-	1,184,228
Instructional Staff Services	1,581,003	-	-	-	1,581,003
General Administration	598,435	-	-	-	598,435
School Building Administration	1,525,104	-	-	-	1,525,104
Business Services	424,669	-	-	-	424,669
Operations and Maintenance of Plant	2,204,769	-	-	24,979	2,229,748
Facility Acquisition/Remodeling	853,445	-	1,897,049	-	2,750,494
Pupil Transportation Services	1,526,788	-	-	-	1,526,788
Internal Services	1,940	-	-	-	1,940
Central Services	194,418	-	-	-	194,418
Food Service	-	-	-	892,821	892,821
Insurance and Judgments	321,696	-	-	-	321,696
Debt Service	1,425	1,230,156	-	-	1,231,581
Other Support Services	947,454	-	-	39,408	986,862
Community Services	-	-	-	118,700	118,700
Non-Program Transactions	1,456,362	-	-	-	1,456,362
Total Expenditures	29,747,026	1,230,156	1,897,049	1,108,594	33,982,825
NET CHANGE IN FUND BALANCES	2,102,613	864,597	(1,890,816)	93,713	1,170,107
Fund Balances, Beginning of Year	9,706,871	1,100,258	1,594,592	277,973	12,679,694
FUND BALANCES, END OF YEAR	\$ 11,809,484	\$ 1,964,855	\$ (296,224)	\$ 371,686	\$ 13,849,801

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,170,107

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	\$ 2,622,468	
Depreciation Expense Reported in the Statement of Activities	<u>(1,685,827)</u>	936,641

Wisconsin Retirement System Pension Plan:

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension asset (liability) and the related deferred inflows and outflows of resources. (1,361,927)

Other post-employment benefit expenditures in the governmental funds are measured by current year employee contributions. Other post-employment benefit expenses on the statement of activities are measured by the change in net other post-employment liability and the related deferred inflows and outflows of resources. 1,436,518

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 consists of:

General Obligation Bonds Payment	160,000	
General Obligation Promissory Notes Payment	364,176	
Interest-Free Note Payable - City of Rice Lake	<u>26,250</u>	550,426

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	679,730	
Interest Accrued During the Current Period	<u>(657,800)</u>	21,930

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

Net Change in Premium	20,506	
Net Change in Compensated Absences at Year-End	<u>(70,627)</u>	<u>(50,121)</u>

Change in Net Position of Governmental Activities \$ 2,703,574

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Investments	\$ 2,209,421	\$ 9,730	\$ 164,743
Due from Other Funds	414,693	-	-
Total Assets	<u>2,624,114</u>	<u>9,730</u>	<u>\$ 164,743</u>
LIABILITIES			
Due to Other Funds	99,173	-	\$ -
Due to Student Organizations	-	-	164,743
Total Liabilities	<u>99,173</u>	<u>-</u>	<u>\$ 164,743</u>
NET POSITION			
Restricted	<u>\$ 2,524,941</u>	<u>\$ 9,730</u>	

See accompanying Notes to Basic Financial Statements.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR JUNE 30, 2019**

	Employee Benefit Trust Funds	Private-Purpose Trust Funds
ADDITIONS		
Interest	\$ 92,675	\$ 144
Gifts	-	7,050
Payments from District Governmental Funds	735,190	-
Payments from Retirees	87,953	-
Total Additions	<u>915,818</u>	<u>7,194</u>
DEDUCTIONS		
Scholarships Awarded	-	5,400
Benefit Payments	507,983	-
Total Deductions	<u>507,983</u>	<u>5,400</u>
CHANGE IN NET POSITION	407,835	1,794
Net Position, Beginning of Year	<u>2,117,106</u>	<u>7,936</u>
NET POSITION, END OF YEAR	<u><u>\$ 2,524,941</u></u>	<u><u>\$ 9,730</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, 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 Rice Lake 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 Rice Lake Area School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades K through twelve and is comprised of all or parts of twenty-one taxing districts.

The financial reporting of the District is defined by 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.

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, 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

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

The District has the following major governmental funds:

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for the resources accumulated and expenditures applied toward building improvements.

Additionally, the District reports the following fiduciary funds:

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

Employee Benefit Trust Fund - The Employee Benefit Trust Fund is used to account for resources held in trust for formally established employee benefit plans. This is an irrevocable trust.

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.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide and fiduciary trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Fiduciary agency funds do not have a measurement focus.

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. 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.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

Investments by 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.

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.

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

Accounts Receivable. 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. 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.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Capital Assets (Continued)

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	\$1,000	N/A	N/A
Land Improvements	1,000	Straight-line	20 Years
Buildings	1,000	Straight-line	50 Years
Building Improvements	1,000	Straight-line	7-30 Years
Furniture and Equipment	1,000	Straight-line	5-20 Years
Vehicles	1,000	Straight-line	8 Years
Textbooks, Library and Media*	1,000	Straight-line	10 Years

For purposes of determining the capitalization threshold for these items the District groups all purchases for the year. Capital assets not being depreciated include land and construction in progress.

4. Deferred Outflows of Resources

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

5. Deferred Inflows of Resources

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

6. 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.B.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Single-Employer Other Postemployment Benefits

Under the provisions of various employee contracts the District provides a retirement program for certain employees which include certain insurance benefits. The amount to be incurred is limited as specified by contract. All premiums are funded from an employee benefit trust fund.

8. Multiple-Employer Plan Other Postemployment Benefits

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

9. Wisconsin Retirement System Pension Benefits

For purposes of measuring the net pension asset (liability), 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, deferred outflows/inflows of resources and liabilities, is classified as follows in the District's financial statements:

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Equity Classifications (Continued)

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 its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that 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. The District has not established a general fund minimum fund balance policy. Committed fund balance is required to be established, modified, or rescinded by resolution of the District Board prior to each year end. The District did not adopt a fund balance policy; therefore, the board has not delegated the authority to assign fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's practice to use committed, assigned, and finally unassigned fund balance.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

The District's legal budget is adopted at the major function level in the general fund (i.e., general government). While total general fund expenditures were less than total budgeted expenditures for fiscal year 2019, line items as shown in the table below exceeded the final budget. These overages were determined necessary and authorized by management.

Vocational Curriculum	(6,752)
Physical Curriculum	(31,905)
Co-Curricular Activities	(61,638)
General Administration	(24,185)
Facilities Acquisition/Remodeling	(78,445)
Pupil Transportation	(67,898)
Instructional Services	(180,129)
Other Non-Program	(46,233)

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
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, 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 were shown in the financial statements as follows:

Governmental Funds	\$ 12,056,853
Fiduciary Funds:	
Employee Benefit Trust Fund	2,209,421
Private Purpose Trust Funds	9,730
Agency Funds	164,743
	<u>\$ 14,440,747</u>

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

Deposits in Financial Institutions	\$ 11,638,168
Brokered Investments	588,139
Investment with State Local Government	
Pooled-Investment Fund	3,150
Petty Cash	2,248
Employee Benefits Fund Investments	2,209,042
	<u>\$ 14,440,747</u>

Deposits at Financial Institutions

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

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions (Continued)

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

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

Investments

The District's investments at June 30, 2019 consisted of deposits in the following external investment pool:

Deposits in State Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for the twelve-month period ended June 30, 2019, was 25 days.

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 as previously discussed in Note 1.E.1.

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates. The short weighted average maturities of the investments in the above external investment pool mitigates this risk to the District.

Employee Benefits Fund Investments. Cash and investment balances reflected in the employee benefits fund at June 30, 2019, consisted of the following:

Mutual Fund:	
FDIC Insured Deposit Account	\$ 38,075
Exchange Traded Funds	<u>2,170,967</u>
	<u>\$ 2,209,042</u>

Maturities for the Employee Benefit Trust Fund's investments at June 30, 2019 are summarized as follows:

Description	Totals	Investment Maturities (in Years)		
		<1	1 to 3	3 to 5
Equity Securities	<u>\$ 2,170,967</u>	<u>\$ 2,170,967</u>	<u>\$ -</u>	<u>\$ -</u>

Investments in Escrow Account. The District's investments in its managed account program at June 30, 2019 are summarized as follows:

Description	Totals	Investment Maturities (in Years)		
		<1	1 to 3	3 to 5
U.S. Treasury and Agencies	<u>\$ 588,139</u>	<u>\$ 318,445</u>	<u>\$ 269,694</u>	<u>\$ -</u>

Generally, the above obligations are subject to call prior to the stated maturity date. It is the District's general policy to hold the obligations until maturity or call. Obligations of the U.S. Treasury are directly guaranteed by the federal government.

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 Wisconsin Statute 881.01, the "Uniform Prudent Investor Act." The Employee Benefit Trust Fund investments were not rated.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value Measurement

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

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

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

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

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

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

Assets measured at fair value on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury and Agencies	\$ -	\$ 588,139	\$ -	\$ 588,139
Equity Securities	2,170,967	-	-	2,170,967
Total	<u>\$ 2,170,967</u>	<u>\$ 588,139</u>	<u>\$ -</u>	
Investments Measured at Amortized Cost - LGIP				3,150
Total Investments				<u>\$ 2,762,256</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	June 30, 2018 Beginning Balance	Increases	Decreases	Transfers	June 30, 2019 Ending Balance
Governmental Activities:					
Capital Assets:					
Land	\$ 1,093,500	\$ -	\$ -	\$ -	\$ 1,093,500
Land Improvements	5,120,481	-	-	-	5,120,481
Buildings and Improvements	39,569,017	2,324,298	-	2,599,991	44,493,306
Furniture and Equipment	8,970,508	298,170	-	-	9,268,678
Vehicles	361,497	-	-	-	361,497
Construction in Progress	2,599,991	-	-	(2,599,991)	-
Total Capital Assets	<u>57,714,994</u>	<u>2,622,468</u>	<u>-</u>	<u>-</u>	<u>60,337,462</u>
Accumulated Depreciation:					
Land Improvements	1,821,405	244,593	-	-	2,065,998
Buildings and Improvements	14,154,605	916,861	-	-	15,071,466
Furniture and Equipment	5,142,107	503,234	-	-	5,645,341
Vehicles	252,205	21,139	-	-	273,344
Total Accumulated Depreciation	<u>21,370,322</u>	<u>1,685,827</u>	<u>-</u>	<u>-</u>	<u>23,056,149</u>
Governmental Activities Capital Assets					
Net of Accumulated Depreciation	<u>\$ 36,344,672</u>	<u>\$ 936,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,281,313</u>

Depreciation was charged to governmental functions as follows:

Instruction:

Regular Instruction	\$ 60,563
Vocational Instruction	1,102
Special Instruction	311
Other Instruction	8,425

Support Services:

Instructional Staff Services	86,479
General Administrative Services	744
Building Administrative Services	340
Operation and Maintenance of Plant	43,504
Facilities/Acquisition	719,507
Pupil Transportation Services	8,678
Food Services	2,068
Central Services	4,621
Other Support	11,924

Unallocated Depreciation

	737,561
Total Depreciation for Governmental Activities	<u>\$ 1,685,827</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

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

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Employee Benefit Trust Fund	\$ 99,173	Implicit Rate Subsidy
General Fund	Capital Projects Fund	285,006	Finance Expenditures
Employee Benefit Trust Fund	General Fund	414,693	Contribution to Trust
General Fund	Food Service Fund	25,524	Cashflow
		<u>\$ 824,396</u>	

These amounts are expected to be settled in fiscal year 2019-20.

E. Long-Term Obligations

Changes in Long-Term Obligations

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

	<u>Balances</u>			<u>Balances</u>	<u>Amounts</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>	<u>Due Within</u>
					<u>One Year</u>
Long-Term Debt:					
General Obligation Bonds	\$ 16,705,000	\$ -	\$ 160,000	\$ 16,545,000	\$ 475,000
General Obligation Notes	4,209,950	-	364,176	3,845,774	667,991
City of Rice Lake Note Payable	78,750	-	26,250	52,500	26,250
Add Unamortized Premium on Long-Term Debt	132,973	-	20,506	112,467	19,116
Subtotal	<u>21,126,673</u>	-	<u>570,932</u>	<u>20,555,741</u>	<u>1,188,357</u>
Other Long-Term Obligations:					
Compensated Absences	<u>273,242</u>	<u>70,627</u>	<u>-</u>	<u>343,869</u>	<u>68,774</u>
Total	<u>\$ 21,399,915</u>	<u>\$ 70,627</u>	<u>\$ 570,932</u>	<u>\$ 20,899,610</u>	<u>\$ 1,257,131</u>

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

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

The general fund and special revenue funds are used to liquidate the other long-term obligations.

The individual long-term debt issues of the District outstanding at June 30, 2019 and their related future 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 School Improvement Bonds \$3,880,000, dated 06/15/07 due 10/01/26, interest at 4.0%	2020	\$ -	\$ 36,200	\$ 36,200
	2021	-	36,200	36,200
	2022	-	36,200	36,200
	2023	-	36,200	36,200
	2024	165,000	32,900	197,900
	2025-2029	740,000	45,200	785,200
		<u>905,000</u>	<u>222,900</u>	<u>1,127,900</u>
General Obligation School Improvement Bonds \$10,000,000, dated 12/30/13 due 04/01/33, interest at 3.75 to 4.00%	2020	-	395,400	395,400
	2021	-	395,400	395,400
	2022	-	395,400	395,400
	2023	-	395,400	395,400
	2024	-	395,400	395,400
	2025-2029	3,885,000	1,837,338	5,722,338
2030-2033	6,115,000	623,600	6,738,600	
		<u>10,000,000</u>	<u>4,437,938</u>	<u>14,437,938</u>
General Obligation School Improvement Bonds \$10,000,000, dated 03/03/14 due 04/01/27, interest at 2.00 to 3.25%	2020	475,000	151,025	626,025
	2021	520,000	141,525	661,525
	2022	655,000	129,825	784,825
	2023	845,000	113,450	958,450
	2024	970,000	92,325	1,062,325
	2025-2027	2,175,000	106,800	2,281,800
		<u>5,640,000</u>	<u>734,950</u>	<u>6,374,950</u>
City of Rice Lake Note \$315,000, dated 06/22/09 due 06/22/21, interest free	2020	26,250	-	26,250
	2021	26,250	-	26,250
			<u>52,500</u>	<u>-</u>
General Obligation Promissory Note \$4,500,000, dated 07/17/17 due 04/01/2027, interest at 2.20%	2020	667,991	86,017	754,008
	2021	425,656	70,882	496,538
	2022	510,390	61,388	571,778
	2023	436,067	50,003	486,070
	2024	390,807	40,387	431,194
	2025-2027	1,414,863	64,771	1,479,634
		<u>3,845,774</u>	<u>373,448</u>	<u>4,219,222</u>
		<u>\$ 20,443,274</u>	<u>\$ 5,769,236</u>	<u>\$ 26,212,510</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

The 2018 equalized valuation of the District as certified by the Wisconsin Department. 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 \$1,598,001,640)	\$ 159,800,164
Deduct Long-Term Debt Application to Debt Margin	<u>20,443,274</u>
Margin of Indebtedness	<u><u>\$ 139,356,890</u></u>

F. Governmental Fund Balances

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

	<u>Total</u>	<u>Restricted</u>	<u>Unassigned</u>
Major Funds:			
General Fund			
Self-Funded Health Insurance	\$ 981,727	\$ 981,727	\$ -
Unassigned	<u>10,827,757</u>	<u>-</u>	<u>10,827,757</u>
Subtotal General Fund	11,809,484	981,727	10,827,757
Payments of Debt Service	1,964,855	1,964,855	-
Capital Projects	<u>(296,224)</u>	<u>-</u>	<u>(296,224)</u>
Subtotal Major Funds	13,478,115	2,946,582	10,531,533
Nonmajor Funds:			
Special Revenue Funds:			
Food Service Program	334,204	334,204	-
Education Fund Donations	28,338	28,338	-
Community Service	<u>9,144</u>	<u>9,144</u>	<u>-</u>
Subtotal Nonmajor Funds	<u>371,686</u>	<u>371,686</u>	<u>-</u>
Total Governmental Fund Balances at June 30, 2019	<u><u>\$ 13,849,801</u></u>	<u><u>\$ 3,318,268</u></u>	<u><u>\$ 10,531,533</u></u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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.

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.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
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)

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 reporting period July 1, 2018 through June 30, 2019, the WRS recognized \$1,030,708 in contributions from the employer.

Contribution rates in effect for the fiscal years ending June 30, 2019 and 2018 are:

	2018		2019	
	Employee	Employer	Employee	Employer
General	6.80%	6.80%	6.55%	6.55%
Teachers	6.80%	6.80%	6.55%	6.55%

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

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

At June 30, 2019, the District reported a liability of \$3,524,295 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 0.099061430%, which was a decrease of 0.00081760 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,387,593. 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	\$ 2,744,892	\$ 4,851,982
Changes of Assumptions	594,067	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,146,991	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	35,504	1,729
District Contributions Subsequent to the Measurement Date	619,408	-
Total	<u>\$ 9,140,862</u>	<u>\$ 4,853,711</u>

\$619,408 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Pension Expense Amount
2020	\$ 1,324,915
2021	343,530
2022	583,824
2023	1,415,474

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Inflation:	3.0%
Salary Increases:	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. 2.1% 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:

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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	<u>100%</u>		<u>100%</u>	

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.

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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)	\$ 14,005,918	\$ 3,524,295	\$ (4,269,604)

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

B. Compensated Absences

The District's policy on allowing accumulated sick leave benefits to vest is based upon individual contracts. Accumulated sick leave benefits vest at the rate of \$40 per day for administrators, \$20 per day for teachers, and \$25 per day for custodian and non-union support staff. Administrators and teachers must have at least ten years of service to the District and support staff and food service must be the age of 55 with at least 10 years of service. Benefits are payable upon death, retirement (defined as drawing Wisconsin Retirement System benefits), or disability (defined as drawing long-term disability benefits). Vested benefits are applied toward the continued payment of group health insurance premiums or paid out at retirement based on the employee group that the employee belonged to at retirement. Employee vacation time is granted annually on a calendar basis. Employees who terminate their employment prior to December 31 are entitled to receive payment for any accumulated vacation. Accumulated benefits are recorded as an expenditure in the year used. The District's liability for vested employee benefits at June 30, 2019 was estimated at \$343,869.

C. Single-Employer Other Postemployment Benefits (OPEB)

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

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Single-Employer Other Postemployment Benefits (OPEB) (Continued)

Single-Employer Plan Description

Plan description

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

Benefits provided

Teachers: Age 56 and 15 years of service for medical benefit. Medical and prescription drug coverage for retiree and spouse for 108 months or until Medicare eligibility. District pays up to \$1,100 or \$2,200 if married, per month for premium.

Administrators Age 56 and 10 years of service for medical benefit. Medical and prescription drug coverage for retiree and spouse for 108 months or until Medicare eligibility. District pays up to 95 percent of premium for first 2 years, then 95 percent of fixed premium rate at second year for medical coverage. District pays 95 percent of premium for dental coverage.

Non-union Support Staff: Age 57 and 15 years of service for medical benefit. Medical and prescription drug coverage for retiree and spouse for 108 months or until Medicare eligibility. District pays up to 125 percent of teacher's amount or \$1,375 per month for premium.

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

Inactive plan members or beneficiaries currently receiving benefit payments	47
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	196
	243

Contributions

Per Article 6 of the District's Trust Agreement states the District shall make contributions to the Trust from time to time as required per contractual agreement, and, in addition, such other contributions, if any, as it may determine in its discretion. For the year ended June 30, 2019, the District contributed \$735,190 to the Trust.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Single-Employer Other Postemployment Benefits (OPEB) (Continued)

Single-Employer Plan Description (Continued)

Investments

Investment policy. The School Board of the Rice Lake Area School District' policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board that all investments shall be made and administered in compliance with legal requirements, sections 25.50, 34.05, 34.08, 66.06.07, 120.11(3), 120.12(7), 120.16(5) Wisconsin State Statutes and other regulatory authorities. The following was the School Board's asset allocation policy as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash Funds	2.8%
Exchange Traded Funds (ETFs)	97.2%

Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return, net of investment expense, was 7.1%.

Net OPEB Liability

Total OPEB Liability - Ending (a)	\$ 4,277,397
Plan Fiduciary Net Position - Ending (b)	<u>2,524,941</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 1,752,456</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.03%

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases:	3.0%
Long-Term Expected Rate of Return:	4.0%
Assumed Rate of Return on Plan Assets	4.0%
Plan Participation of Future Retirees	100.0%
Discount Rate:	4.0%
Healthcare Cost Trend Rates	6.5% decreasing to 5.0% over 6 years.

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Single-Employer Other Postemployment Benefits (OPEB) (Continued)

Single-Employer Plan Description (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the projection Scale MP-2017.

The long-term expected rate of return on OPEB plan investments was determined based on the District's investment in a fixed annuity account which has a guaranteed minimum rate of return of not less than 3.00%. Given this information and based upon the actuary's determination that the level of asset in the District's trust will remain sufficient to pay future retiree benefits, the District determined a 3.00% long-term expected rate of return to be reasonable for valuation purposes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash Funds	2.8%
Exchange Traded Funds (ETFs)	97.2%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.0%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Further, the discount rate was determined by looking at actual investment returns for the last three years and take the rounded average, therefore a discount rate of 4.0% was used in calculating the District's OPEB liabilities.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Single-Employer Other Postemployment Benefits (OPEB) (Continued)

Single-Employer Plan Description (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at June 30, 2018	\$ 16,902,275	\$ 2,117,106	\$ 14,785,169
Changes for the year:			
Service Cost	196,693	-	196,693
Interest	675,640	-	675,640
Changes of Benefit Terms	(152,475)	-	(152,475)
Differences Between Expected and Actual Experience	(12,227,542)	-	(12,227,542)
Changes of Assumptions or Other Input	(697,164)	-	(697,164)
Contributions - Employer	-	735,190	(735,190)
Contributions - Employee	-	87,953	(87,953)
Net Investment Income	-	92,675	(92,675)
Benefit Payments	(420,030)	(507,983)	87,953
Net Changes	<u>(12,624,878)</u>	<u>407,835</u>	<u>(13,032,713)</u>
Balances at June 30, 2019	<u>\$ 4,277,397</u>	<u>\$ 2,524,941</u>	<u>\$ 1,752,456</u>

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current discount rate:

		1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB Liability	6/30/19	<u>\$ 2,039,429</u>	<u>\$ 1,752,456</u>	<u>\$ 1,481,025</u>

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

		1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB Liability	6/30/19	<u>\$ 1,486,979</u>	<u>\$ 1,752,456</u>	<u>\$ 2,050,593</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Single-Employer Other Postemployment Benefits (OPEB) (Continued)

Single-Employer Plan Description (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$728,734. At June 30, 2019, the District reported deferred outflows of resources in the amount of \$660,352 and reported deferred inflows of resources in the amount of \$11,488,627 related to OPEB.

The plan does not issue separate financial statements.

D. Multi-Employer Other Postemployment Benefits

General Information about the Other Postemployment Benefits Plan

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

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

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

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

Contribution rates as of June 30, 2019 are:

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

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Multi-Employer Other Postemployment Benefits (Continued)

General Information about the Other Postemployment Benefits Plan (Continued)

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

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

For the fiscal year period July 1, 2018 through June 30, 2019, the LRLIF recognized \$4,679 in contributions from the employer.

At June 30, 2019, the District reported a liability of \$664,414 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 and rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.25749100%, which was an increase of 0.00289200 from its proportion measured as of December 31, 2017.

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Multi-Employer Other Postemployment Benefits (Continued)

General Information about the Other Postemployment Benefits Plan (Continued)

For the year ended June 30, 2019, the District recognized OPEB expense of \$67,450. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 33,706
Changes of Assumptions or Other Input	63,395	144,019
Net Difference Between Projected and Actual Earnings on OPEB Investments	15,878	-
Change in proportion and differences between employer contributions and proportionate share of contributions	8,659	-
District Contributions Subsequent to the Measurement Date	2,518	-
Total	<u>\$ 90,450</u>	<u>\$ 177,725</u>

\$2,518 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB Expense Amount
2020	\$ (11,633)
2021	(11,633)
2022	(11,633)
2023	(13,863)
2024	(16,160)
2025	(20,923)
2026	(3,948)

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Multi-Employer Other Postemployment Benefits (Continued)

General Information about the Other Postemployment Benefits Plan (Continued)

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

Valuation Date	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return	5.00%
Discount Rate	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

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

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

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Multi-Employer Other Postemployment Benefits (Continued)

General Information about the Other Postemployment Benefits Plan (Continued)

Single Discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

	1% Decrease (3.22%)	Current Discount Rate (4.22%)	1% Increase (5.22%)
Proportionate share of the Net OPEB Liability (asset) 6/30/19	\$ 945,172	\$ 664,414	\$ 447,872

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

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

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 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.

F. 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. There were no significant reductions in coverage during the past fiscal year and settled claims have not exceeded commercial coverage in any of the past three years.

G. Self-Funded Health Insurance

The District established a self-funded health insurance plan for its employees and retirees effective July 1, 2017. The plan administrators, Cypress Benefit Administrators, are responsible for the approval, processing and payment of claims. The District is also responsible for monthly administrative fees. The plan reports 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 was as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
6/30/2019	540,145	2,828,427	2,564,886	803,686
6/30/2018	-	2,519,020	1,978,875	540,145

REQUIRED SUPPLEMENTARY INFORMATION

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 14,864,206	\$ 14,864,176	\$ 14,696,876	\$ (167,300)
Other Local Sources	206,830	206,830	521,039	314,209
Interdistrict Sources	1,067,660	1,067,600	1,049,593	(18,007)
Intermediate Sources	15,900	15,900	46,562	30,662
State Sources	13,896,448	13,896,448	14,041,133	144,685
Federal Sources	1,286,756	1,286,756	1,181,600	(105,156)
Other Revenues	99,500	99,500	312,836	213,336
Total Revenues	<u>31,437,300</u>	<u>31,437,210</u>	<u>31,849,639</u>	<u>412,429</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	5,484,010	5,505,010	4,967,293	537,717
Regular Curriculum	6,542,171	6,521,171	6,041,605	479,566
Vocational Curriculum	769,906	769,906	776,658	(6,752)
Special Curriculum	3,371,229	3,371,229	3,325,645	45,584
Physical Curriculum	994,427	994,127	1,026,032	(31,905)
Co-Curricular Activities	476,194	476,194	537,832	(61,638)
Other Special Needs	260,513	260,513	250,225	10,288
Total Instruction	<u>17,898,450</u>	<u>17,898,150</u>	<u>16,925,290</u>	<u>972,860</u>
Support Services:				
Pupil Services	1,237,902	1,237,902	1,184,228	53,674
Instructional Staff Services	1,711,982	1,717,982	1,581,003	136,979
General Administration	574,250	574,250	598,435	(24,185)
Building Administration	1,584,685	1,584,685	1,525,104	59,581
Business Services	514,000	514,000	424,669	89,331
Operation and Maintenance	2,665,295	2,665,295	2,204,769	460,526
Facilities Acquisition/Remodeling	775,000	775,000	853,445	(78,445)
Pupil Transportation	1,458,890	1,458,890	1,526,788	(67,898)
Internal Services	3,500	3,500	1,940	1,560
Central Services	225,650	225,650	194,418	31,232
Insurance and Judgments	339,500	339,500	321,696	17,804
Debt Service	2,000	2,000	1,425	575
Other Support Services	1,216,280	1,210,280	947,454	262,826
Total Support	<u>12,308,934</u>	<u>12,308,934</u>	<u>11,365,374</u>	<u>943,560</u>
Non-Program:				
Instructional Services	1,219,000	1,219,000	1,399,129	(180,129)
Other Non-Program	11,000	11,000	57,233	(46,233)
Total Non-Program	<u>1,230,000</u>	<u>1,230,000</u>	<u>1,456,362</u>	<u>(226,362)</u>
Total Expenditures	<u>31,437,384</u>	<u>31,437,084</u>	<u>29,747,026</u>	<u>1,690,058</u>
NET CHANGE IN FUND BALANCE	(84)	126	2,102,613	2,102,487
Fund Balance, Beginning of Year	<u>9,706,871</u>	<u>9,706,871</u>	<u>9,706,871</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,706,787</u>	<u>\$ 9,706,997</u>	<u>\$ 11,809,484</u>	<u>\$ 2,102,487</u>

See accompanying Notes to Required Supplementary Information.

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

Measurement Date December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.10230782%	0.10235658%	0.10030560%	0.09987903%	0.09906143%
District's proportionate share of the net pension liability (asset)	\$ (2,512,960)	\$ 1,663,275	\$ 826,758	\$ (2,965,526)	\$ 3,524,295
District's covered payroll	\$ 14,165,808	\$ 14,623,987	\$ 13,979,023	\$ 14,844,083	\$ 15,398,825
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-17.74%	11.37%	5.91%	-19.98%	22.89%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%

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

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

Fiscal Year Ending June 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 967,665	\$ 956,417	\$ 989,784	\$ 1,021,771	\$ 1,030,708
Contributions in Relation to the Contractually Required Contributions	(967,665)	(956,417)	(989,784)	(1,021,771)	(1,030,708)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 14,070,913	\$ 14,310,115	\$ 14,721,631	\$ 15,026,046	\$ 15,595,416
Contributions as a Percentage of Covered Payroll	6.88%	6.68%	6.72%	6.80%	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.

See accompanying Notes to Required Supplementary Information.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF LOCAL RETIREE LIFE
INSURANCE FUND NET OPEB LIABILITY
LAST TEN MEASUREMENT PERIODS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: December 31,	2017	2018
District's proportion of the net OPEB liability (asset)	0.25459900%	0.25749100%
District's proportionate share of the net OPEB liability (asset)	\$ 765,981	\$ 664,414
District's covered payroll	\$ 10,706,616	\$ 12,669,000
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%	5.24%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%	48.69%

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

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

Year Ended: June 30,	2018	2019
Contractually Required Contributions	\$ 4,834	\$ 4,679
Contributions in Relation to the Contractually Required Contributions	(4,834)	(4,679)
Contribution Deficiency (Excess)	\$ -	\$ -
District's Covered Payroll	\$ 10,706,616	\$ 12,669,000
Contributions as a Percentage of Covered Payroll	0.05%	0.04%

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

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 OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

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

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 922,446	\$ 974,750	\$ 196,693
Interest	595,065	663,521	675,640
Changes of Benefit Terms	-	-	(152,475)
Differences Between Expected and Actual Experience	246,772	-	(12,227,542)
Changes of Assumptions or Other Input	576,694	-	(697,164)
Benefit Payments	(665,223)	(698,530)	(420,030)
Net Change in Total OPEB Liability	1,675,754	939,741	(12,624,878)
Total OPEB Liability - Beginning	14,286,780	15,962,534	16,902,275
Total OPEB Liability - Ending (a)	<u>\$ 15,962,534</u>	<u>16,902,275</u>	<u>4,277,397</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ -	\$ 115,136	\$ 735,190
Net Investment Income	99,582	115,377	92,675
Benefit Payments	-	-	(420,030)
Net Change in Plan Fiduciary Net Position	99,582	230,513	407,835
Plan Fiduciary Net Position - Beginning	1,787,011	1,886,593	2,117,106
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,886,593</u>	<u>\$ 2,117,106</u>	<u>\$ 2,524,941</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 14,075,941</u>	<u>\$ 14,785,169</u>	<u>\$ 1,752,456</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.82%	12.53%	59.03%
Covered Payroll	\$ 13,979,023	\$ 14,844,083	\$ 11,395,807
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	100.69%	99.60%	15.38%

See accompanying Notes to Required Supplementary Information.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO OPEB PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	2017	2018	2019
Actuarially Determined Contribution (ADC)	\$ 1,461,555	\$ 1,639,782	\$ 387,654
Contributions in Relation to the Actuarially Determined Contribution	665,223	698,530	735,190
Contribution Deficiency (Excess)	<u>\$ 796,332</u>	<u>\$ 941,252</u>	<u>\$ (347,536)</u>
Covered Payroll	\$ 13,979,023	\$ 14,844,083	\$ 11,395,807
Contributions as a Percentage of Covered-Employee Payroll	4.76%	4.71%	6.45%

Notes to Schedule

Valuation Date: June 30, 2017

Measurement Date: June 30, 2019

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

Methods and assumptions used to determine contribution rates:

Actuary Cost Method:	Entry Age
Amortization Method:	Level- Dollar
Asset Valuation Method:	Market Value
Inflation:	3.0%
Healthcare Cost Trend Rates	6.5% decreasing 5.0% over 6 years
Salary Increases:	3.0%
Investment Rate of Return:	4.0%
Plan Participation:	100% of future retirees
Mortality:	RP-2014 Mortality Fully Generational projected using Projection Scale MP-2017

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
SCHEDULE OF DISTRICT'S INVESTMENT RETURNS ON OPEB PLAN ASSETS
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

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

<u>Year</u>	
2017	8.57%
2018	8.69%
2019	7.10%

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

BUDGETARY INFORMATION

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

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

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

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

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Education Trust	Food Service	Community Service	
ASSETS				
Cash and Investments	\$ 29,971	\$ 381,657	\$ 9,144	\$ 420,772
Accounts Receivable	-	7,146	-	7,146
Total Assets	\$ 29,971	\$ 388,803	\$ 9,144	\$ 427,918
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,633	\$ 2,245	\$ -	\$ 3,878
Unearned Revenue	-	26,830	-	26,830
Due to Other Funds	-	25,524	-	25,524
Total Liabilities	1,633	54,599	-	56,232
Fund Balances:				
Restricted	28,338	334,204	9,144	371,686
Total Fund Balance	28,338	334,204	9,144	371,686
Total Liabilities and Fund Balances	\$ 29,971	\$ 388,803	\$ 9,144	\$ 427,918

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Education Trust	Food Service	Community Services	
REVENUES				
Local Sources	\$ 33,260	\$ 415,918	\$ 157,420	\$ 606,598
State Sources	-	20,057	-	20,057
Federal Sources	-	575,652	-	575,652
Total Revenues	33,260	1,011,627	157,420	1,202,307
EXPENDITURES				
Instruction:				
Co-Curricular Activities	-	-	32,686	32,686
Support Services:				
Operation and Maintenance of Plant	-	24,979	-	24,979
Food Service	-	892,821	-	892,821
Community Service	-	-	118,700	118,700
Other Support Services	39,408	-	-	39,408
Total Expenditures	39,408	917,800	151,386	1,108,594
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,148)	93,827	6,034	93,713
Fund Balances, Beginning of Year	34,486	240,377	3,110	277,973
FUND BALANCES, END OF YEAR	\$ 28,338	\$ 334,204	\$ 9,144	\$ 371,686

RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2019

	Non- Referendum Debt Service	Referendum Debt Service	Total
ASSETS			
Cash and Investments	\$ 65,457	\$ 1,899,398	\$ 1,964,855
Fund Balances:			
Restricted	\$ 65,457	\$ 1,899,398	\$ 1,964,855

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	Non- Referendum Debt Service	Referendum Debt Service	Total
REVENUES			
Local Sources:			
Property Taxes	\$ 480,259	\$ 1,598,099	\$ 2,078,358
Other Local Sources	2,855	13,540	16,395
Total Revenues	<u>483,114</u>	<u>1,611,639</u>	<u>2,094,753</u>
EXPENDITURES			
Debt Service:			
Principal Retirement	390,426	160,000	550,426
Interest and Fiscal Fees	93,905	585,825	679,730
Total Expenditures	<u>484,331</u>	<u>745,825</u>	<u>1,230,156</u>
NET CHANGE IN FUND BALANCES	(1,217)	865,814	864,597
Fund Balances, Beginning of Year	66,674	1,033,584	1,100,258
FUND BALANCES, END OF YEAR	<u>\$ 65,457</u>	<u>\$ 1,899,398</u>	<u>\$ 1,964,855</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
COMBINING BUDGETARY COMPARISON SCHEDULE
FUND 10 AND FUND 27
YEAR ENDED JUNE 30, 2019**

	Original Budgets				Final Budgets				Actuals			
	Fund 10 General	Fund 27 Special	Elimination	Combined	Fund 10 General	Fund 27 Special	Elimination	Combined	Fund 10 General	Fund 27 Special	Elimination	Combined
	Fund	Education Fund			Fund	Education Fund			Fund	Education Fund		
REVENUES												
Local Sources:												
Property Taxes	\$ 14,864,206	\$ -	\$ -	\$ 14,864,206	\$ 14,864,176	\$ -	\$ -	\$ 14,864,176	\$ 14,696,876	\$ -	\$ -	\$ 14,696,876
Other Local Sources	205,000	1,830	-	206,830	205,000	1,830	-	206,830	520,944	95	-	521,039
Interdistrict Sources	977,660	90,000	-	1,067,660	977,600	90,000	-	1,067,600	1,049,593	-	-	1,049,593
Intermediate Sources	12,000	3,900	-	15,900	12,000	3,900	-	15,900	23,809	22,753	-	46,562
State Sources	12,956,448	940,000	-	13,896,448	12,956,448	940,000	-	13,896,448	13,127,872	913,261	-	14,041,133
Federal Sources	749,661	537,095	-	1,286,756	749,661	537,095	-	1,286,756	650,995	530,605	-	1,181,600
Other Revenues	99,500	-	-	99,500	99,500	-	-	99,500	312,836	-	-	312,836
Total Revenues	29,864,475	1,572,825	-	31,437,300	29,864,385	1,572,825	-	31,437,210	30,382,925	1,466,714	-	31,849,639
EXPENDITURES												
Instruction:												
Undifferentiated Curriculum	5,484,010	-	-	5,484,010	5,505,010	-	-	5,505,010	4,967,293	-	-	4,967,293
Regular Curriculum	6,542,171	-	-	6,542,171	6,521,171	-	-	6,521,171	6,024,822	16,783	-	6,041,605
Vocational Curriculum	769,906	-	-	769,906	769,906	-	-	769,906	776,658	-	-	776,658
Special Curriculum	-	3,371,229	-	3,371,229	-	3,371,229	-	3,371,229	-	3,325,645	-	3,325,645
Physical Curriculum	994,427	-	-	994,427	994,427	-	-	994,427	1,026,032	-	-	1,026,032
Co-Curricular Activities	476,194	-	-	476,194	476,194	-	-	476,194	537,832	-	-	537,832
Other Special Needs	260,513	-	-	260,513	260,513	-	-	260,513	250,225	-	-	250,225
Total Instruction	14,527,221	3,371,229	-	17,898,450	14,526,921	3,371,229	-	17,898,150	13,582,862	3,342,428	-	16,925,290
Support Services:												
Pupil Services	796,014	441,888	-	1,237,902	796,014	441,888	-	1,237,902	718,597	465,631	-	1,184,228
Instructional Staff Services	1,370,737	341,245	-	1,711,982	1,376,737	341,245	-	1,717,982	1,224,999	356,004	-	1,581,003
General Administration	574,250	-	-	574,250	574,250	-	-	574,250	598,435	-	-	598,435
Building Administration	1,584,685	-	-	1,584,685	1,584,685	-	-	1,584,685	1,525,104	-	-	1,525,104
Fiscal	514,000	-	-	514,000	514,000	-	-	514,000	424,669	-	-	424,669
Operation and Maintenance	2,663,795	1,500	-	2,665,295	2,663,795	1,500	-	2,665,295	2,204,769	-	-	2,204,769
Facilities Acquisition/Remodeling	772,000	3,000	-	775,000	772,000	3,000	-	775,000	853,445	-	-	853,445
Pupil Transportation	1,280,200	178,690	-	1,458,890	1,280,200	178,690	-	1,458,890	1,322,550	204,238	-	1,526,788
Internal Services	3,500	-	-	3,500	3,500	-	-	3,500	1,940	-	-	1,940
Central Services	225,650	-	-	225,650	225,650	-	-	225,650	194,418	-	-	194,418
Insurance and Judgments	339,500	-	-	339,500	339,500	-	-	339,500	321,696	-	-	321,696
Debt Service	2,000	-	-	2,000	2,000	-	-	2,000	1,425	-	-	1,425
Other Support Services	1,216,280	-	-	1,216,280	1,210,280	-	-	1,210,280	947,454	-	-	947,454
Total Support	11,342,611	966,323	-	12,308,934	11,342,611	966,323	-	12,308,934	10,339,501	1,025,873	-	11,365,374
Non-Program:												
Instructional Services	1,106,000	113,000	-	1,219,000	1,106,000	113,000	-	1,219,000	1,385,245	13,884	-	1,399,129
Other Non-Program	11,000	-	-	11,000	11,000	-	-	11,000	57,233	-	-	57,233
Total Non-Program	1,117,000	113,000	-	1,230,000	1,117,000	113,000	-	1,230,000	1,442,478	13,884	-	1,456,362
Total Expenditures	26,986,832	4,450,552	-	31,437,384	26,986,532	4,450,552	-	31,437,084	25,364,841	4,382,185	-	29,747,026
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,877,643	(2,877,727)	-	(84)	2,877,853	(2,877,727)	-	126	5,018,084	(2,915,471)	-	2,102,613
OTHER FINANCING SOURCES (USES)												
Transfers Out	(2,877,727)	-	2,877,727	-	(2,877,727)	-	2,877,727	-	(2,915,471)	-	2,915,471	-
Transfers In	-	2,877,727	(2,877,727)	-	-	2,877,727	(2,877,727)	-	-	2,915,471	(2,915,471)	-
Total Other Financing Sources (Uses)	(2,877,727)	2,877,727	-	-	(2,877,727)	2,877,727	-	-	(2,915,471)	2,915,471	-	-
NET CHANGE IN FUND BALANCE	(84)	-	-	(84)	126	-	-	126	2,102,613	-	-	2,102,613
Fund Balance, Beginning of Year	9,706,871	-	-	9,706,871	9,706,871	-	-	9,706,871	9,706,871	-	-	9,706,871
FUND BALANCE, END OF YEAR	\$ 9,706,787	\$ -	\$ -	\$ 9,706,787	\$ 9,706,997	\$ -	\$ -	\$ 9,706,997	\$ 11,809,484	\$ -	\$ -	\$ 11,809,484

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 10
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 14,864,206	\$ 14,864,176	\$ 14,696,876	\$ (167,300)
Other Local Sources	205,000	205,000	520,944	315,944
Interdistrict Sources	977,660	977,600	1,049,593	71,993
Intermediate Sources	12,000	12,000	23,809	11,809
State Sources	12,956,448	12,956,448	13,127,872	171,424
Federal Sources	749,661	749,661	650,995	(98,666)
Other Sources	99,500	99,500	312,836	213,336
Total Revenues	<u>29,864,475</u>	<u>29,864,385</u>	<u>30,382,925</u>	<u>518,540</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	5,484,010	5,505,010	4,967,293	537,717
Regular Curriculum	6,542,171	6,521,171	6,024,822	496,349
Vocational Curriculum	769,906	769,906	776,658	(6,752)
Physical Curriculum	994,427	994,127	1,026,032	(31,905)
Co-Curricular Activities	476,194	476,194	537,832	(61,638)
Other Special Needs	260,513	260,513	250,225	10,288
Total Instruction	<u>14,527,221</u>	<u>14,526,921</u>	<u>13,582,862</u>	<u>944,059</u>
Support Services:				
Pupil Services	796,014	796,014	718,597	77,417
Instructional Staff Services	1,370,737	1,376,737	1,224,999	151,738
General Administration	574,250	574,250	598,435	(24,185)
School Building Administration	1,584,685	1,584,685	1,525,104	59,581
Fiscal	514,000	514,000	424,669	89,331
Operation and Maintenance	2,663,795	2,663,795	2,204,769	459,026
Facilities Acquisition/Remodeling	772,000	772,000	853,445	(81,445)
Pupil Transportation	1,280,200	1,280,200	1,322,550	(42,350)
Internal Services	3,500	3,500	1,940	1,560
Central Services	225,650	225,650	194,418	31,232
Insurance and Judgments	339,500	339,500	321,696	17,804
Debt Services	2,000	2,000	1,425	575
Other Support Services	1,216,280	1,210,280	947,454	262,826
Total Support Services	<u>11,342,611</u>	<u>11,342,611</u>	<u>10,339,501</u>	<u>1,003,110</u>
Non-Program:				
Instructional Services	1,106,000	1,106,000	1,385,245	(279,245)
Other Non-Program	11,000	11,000	57,233	(46,233)
Total Non-Program	<u>1,117,000</u>	<u>1,117,000</u>	<u>1,442,478</u>	<u>(325,478)</u>
Total Expenditures	<u>26,986,832</u>	<u>26,986,532</u>	<u>25,364,841</u>	<u>1,621,691</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,877,643</u>	<u>2,877,853</u>	<u>5,018,084</u>	<u>2,140,231</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(2,877,727)</u>	<u>(2,877,727)</u>	<u>(2,915,471)</u>	<u>(37,744)</u>
NET CHANGE IN FUND BALANCE	<u>(84)</u>	<u>126</u>	<u>2,102,613</u>	<u>2,102,487</u>
Fund Balance, Beginning of Year	9,706,871	9,706,871	9,706,871	-
FUND BALANCE, END OF YEAR	<u>\$ 9,706,787</u>	<u>\$ 9,706,997</u>	<u>\$ 11,809,484</u>	<u>\$ 2,102,487</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 27
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources	\$ 1,830	\$ 1,830	\$ 95	\$ (1,735)
Interdistrict Sources	90,000	90,000	-	(90,000)
Intermediate Sources	3,900	3,900	22,753	18,853
State Sources	940,000	940,000	913,261	(26,739)
Federal Sources	537,095	537,095	530,605	(6,490)
Total Revenues	<u>1,572,825</u>	<u>1,572,825</u>	<u>1,466,714</u>	<u>(106,111)</u>
EXPENDITURES				
Instruction:				
Regular Curriculum	-	-	16,783	(16,783)
Special Education Curriculum	3,371,229	3,371,229	3,325,645	45,584
Total Instruction	<u>3,371,229</u>	<u>3,371,229</u>	<u>3,342,428</u>	<u>28,801</u>
Support Services:				
Pupil Services	441,888	441,888	465,631	(23,743)
Instructional Staff Services	341,245	341,245	356,004	(14,759)
Operation and Maintenance	1,500	1,500	-	1,500
Facilities Acquisition/Remodeling	3,000	3,000	-	3,000
Pupil Transportation	178,690	178,690	204,238	(25,548)
Total Support Services	<u>966,323</u>	<u>966,323</u>	<u>1,025,873</u>	<u>(59,550)</u>
Non-Program:				
Instructional Services	113,000	113,000	13,884	99,116
Total Expenditures	<u>4,450,552</u>	<u>4,450,552</u>	<u>4,382,185</u>	<u>68,367</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,877,727)</u>	<u>(2,877,727)</u>	<u>(2,915,471)</u>	<u>(37,744)</u>
OTHER FINANCING SOURCES				
Transfers In	<u>2,877,727</u>	<u>2,877,727</u>	<u>2,915,471</u>	<u>37,744</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and Investments	\$ 112,207	\$ 285,370	\$ 232,834	\$ 164,743
LIABILITIES				
Rice Lake High School	\$ 92,329	\$ 216,267	\$ 175,892	\$ 132,704
Rice Lake Middle School	16,962	66,554	55,508	28,008
Hilltop Elementary School	1,344	1,083	522	1,905
Haugen Elementary School	399	402	-	801
Tainter Elementary School	1,173	1,064	911	1,326
Total Liabilities	\$ 112,207	\$ 285,370	\$ 232,834	\$ 164,743

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

SECTION I: AUTHORIZER INFORMATION

Authorizing Entity: Rice Lake Area School District
 Authorizer Address: 700 Augusta Street, Rice Lake, WI 54868
 Authorizer Contact Person: Randy Drost
 Contact Person Title: Superintendent, RLASD
 Contact Person Phone: 715-234-9007, ext 5000
 Contact Person Email: drostr@ricelake.k12.wi.us

SECTION II: CHARTER SCHOOL INFORMATION

Charter Schools Currently Under Contract:

School Name:	Contract Start Date:	Contract Expiration Date:	Grades Served:
Northern Lake Regional Academy (NLRA)	8/1/2018	6/30/2019	9-12

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOL

1. During the 2018-19 school-year, at least 85% of students enrolled in NLRA all year, who have yet to earn three math credits and who are also enrolled in an ALEKS math course will receive at least 1.0 credit in mathematics by completion of at least one ALEKS course at 75% or greater content mastery.

There were 27 students who started and ended the year at NLRA, needed math credits, and were enrolled in at least one ALEKS math course. Of these students 24 (89%) completed at least one credit of math during the year. Therefore most students earned appropriate amounts of math credit during the school year. Eighteen (67%) earned that math credit by mastering 75% or more of the content with the remaining students mastering between 70 and 75% of the content

2. During the 2018-19 school year, at least 85% of NLRA students will show growth by at least one point or receive a five on the standardized writing rubric in terms of their ability to analyze textual evidence to support a claim they make.

Of the NLRA students who started and ended that year at NLRA, 69% of students either scored a five on the standardized writing rubric or improved by at least one point in terms of their ability to analyze textual evidence to support claim they made. 100% of students were able to demonstrate at least a score of three on a five point rubric in terms of their ability to analyze textual evidence to support a claim they made.

SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS

NLRA program is operated by RLASD. The annual budget is established by the RLASD Board of Education. Expenditures to support NLRA programming totaled \$386,665. The RLASD provides the licensed teaching staff for NLRA at a cost of \$329,938. The annual discretionary allocation per student for students enrolled as of the Third Friday of September is \$12,889. There were 30 students enrolled in this school. NLRA operates under the policies and procedures established by the RLASD Board of Education.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2019**

SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS

None.

SECTION VI: AUTHORIZER OPERATING COSTS

None. The District did not have any costs towards the operations of NLRA in 2019.

SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS

None. The District did not provide any services for NLRA in 2019.

OTHER SCHEDULES

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
GENERAL OBLIGATION SCHOOL IMPROVEMENT BONDS, SERIES 2007A
OUTSTANDING JUNE 30, 2019**

Date Due	General Obligation School Improvement Bonds Dated 6/15/07		
	Principal	Interest	Total
10/1/19	\$ -	\$ 18,100	\$ 18,100
4/1/20	-	18,100	18,100
10/1/20	-	18,100	18,100
4/1/21	-	18,100	18,100
10/1/21	-	18,100	18,100
4/1/22	-	18,100	18,100
10/1/22	-	18,100	18,100
4/1/23	-	18,100	18,100
10/1/23	165,000	18,100	183,100
4/1/24	-	14,800	14,800
10/1/24	235,000	14,800	249,800
4/1/25	-	10,100	10,100
10/1/25	250,000	10,100	260,100
4/1/26	-	5,100	5,100
10/1/26	255,000	5,100	260,100
	<u>\$ 905,000</u>	<u>\$ 222,900</u>	<u>\$ 1,127,900</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
GENERAL OBLIGATION SCHOOL IMPROVEMENT BONDS, SERIES 2013
OUTSTANDING JUNE 30, 2019**

Date Due	General Obligation School Improvement Bonds Dated 12/30/13		
	Principal	Interest	Total
10/1/19	\$ -	\$ 197,700	\$ 197,700
4/1/20	-	197,700	197,700
10/1/20	-	197,700	197,700
4/1/21	-	197,700	197,700
10/1/21	-	197,700	197,700
4/1/22	-	197,700	197,700
10/1/22	-	197,700	197,700
4/1/23	-	197,700	197,700
10/1/23	-	197,700	197,700
4/1/24	-	197,700	197,700
10/1/24	-	197,700	197,700
4/1/25	-	197,700	197,700
10/1/25	-	197,700	197,700
4/1/26	-	197,700	197,700
10/1/26	-	197,700	197,700
4/1/27	1,175,000	197,700	1,372,700
10/1/27	-	175,669	175,669
4/1/28	1,330,000	175,669	1,505,669
10/1/28	-	149,900	149,900
4/1/29	1,380,000	149,900	1,529,900
10/1/29	-	122,300	122,300
4/1/30	1,440,000	122,300	1,562,300
10/1/30	-	93,500	93,500
4/1/31	1,495,000	93,500	1,588,500
10/1/31	-	63,600	63,600
4/1/32	1,560,000	63,600	1,623,600
10/1/32	-	32,400	32,400
4/1/33	1,620,000	32,400	1,652,400
	<u>\$ 10,000,000</u>	<u>\$ 4,437,938</u>	<u>\$ 14,437,938</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
GENERAL OBLIGATION SCHOOL IMPROVEMENT BONDS, SERIES 2014
OUTSTANDING JUNE 30, 2019**

Date Due	General Obligation School Improvement Bonds Dated 3/03/14		
	Principal	Interest	Total
10/1/19	\$ -	\$ 75,513	\$ 75,513
4/1/20	475,000	75,512	550,512
10/1/20	-	70,763	70,763
4/1/21	520,000	70,762	590,762
10/1/21	-	64,913	64,913
4/1/22	655,000	64,912	719,912
10/1/22	-	56,725	56,725
4/1/23	845,000	56,725	901,725
10/1/23	-	46,163	46,163
4/1/24	970,000	46,162	1,016,162
10/1/24	-	32,825	32,825
4/1/25	990,000	32,825	1,022,825
10/1/25	-	17,975	17,975
4/1/26	1,025,000	17,975	1,042,975
10/1/26	-	2,600	2,600
4/1/27	160,000	2,600	162,600
	<u>\$ 5,640,000</u>	<u>\$ 734,950</u>	<u>\$ 6,374,950</u>

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
GENERAL OBLIGATION SCHOOL IMPROVEMENT BONDS, SERIES 2017
OUTSTANDING JUNE 30, 2019**

Date Due	General Obligation Promissory Note Dated 7/17/17		
	Principal	Interest	Total
10/1/19	\$ -	43,009	\$ 43,009
4/1/20	667,991	43,008	710,999
10/1/20	-	35,538	35,538
4/1/21	425,656	35,344	461,000
10/1/21	-	30,778	30,778
4/1/22	510,390	30,610	541,000
10/1/22	-	25,070	25,070
4/1/23	436,067	24,933	461,000
10/1/23	-	20,194	20,194
4/1/24	390,807	20,193	411,000
10/1/24	-	15,823	15,823
4/1/25	445,264	15,736	461,000
10/1/25	-	10,843	10,843
4/1/26	450,216	10,784	461,000
10/1/26	-	5,808	5,808
4/1/27	519,383	5,777	525,160
	<u>\$ 3,845,774</u>	<u>\$ 373,448</u>	<u>\$ 4,219,222</u>

SINGLE AUDIT SECTION

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #		Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Expenditures	Receipts 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	(X)	WI DPI	2019-034802-SB-546	\$ -	\$ 107,524	\$ 107,524	\$ -
National School Lunch Program:	10.555	(X)						
Commodity Handling Charges Public		*	WI DPI	A001-00000-034802	-	66,416	66,416	-
National School Lunch Program			WI DPI	2019-034802-NSL-547	-	400,554	400,554	-
Total National School Lunch Program					-	466,970	466,970	-
Special Milk Program for Children	10.556	(X)	WI DPI	2019-034802-SMP-548	-	877	877	-
Total Child Nutrition Cluster					-	575,371	575,371	-
<u>U.S. Department of Education</u>								
ESEA Title I-A Basic Grant	84.010		WI DPI	2019-034802-TIA-141	181,123	399,102	445,292	134,933
Special Education Cluster (IDEA):								
Special Education - Grants to States (IDEA):								
IDEA Flow-Through Entitlement	84.027		WI DPI	2019-034802-IDEA-FT-341	71,601	298,756	260,737	109,620
Flow Through CEIS			WI DPI	2019-034802-IDEA-FT-341	30,256	81,000	74,136	37,120
IDEA-Title 1 School wide			WI DPI	2019-034802-IDEA-FT-341	-	79,766	50,233	29,533
Universal Design for Learning			WI DPI	2019-034802-UDL SU-342	9,082	5,765	9,082	5,765
Total Special Education - Grants to States					110,939	465,287	394,188	182,038
IDEA Preschool Entitlement	84.173		WI DPI	2019-034802-IDEA-PS-347	6,413	11,258	16,815	856
Total Special Education Cluster					117,352	476,545	411,003	182,894
<u>U.S. Department of Education (Continued)</u>								
Wisconsin Department of Public Instruction (Continued):								
English Language Acquisition Grants (Title III)	84.365		WI DPI	2019-034802-TIIIA-391	-	6,271	3,285	2,986
Quality Teachers and Principals (Title II, Part A)	84.367		WI DPI	2019-034802-TIIA-365	35,209	91,128	97,687	28,650
Student Support and Academic Enrichment	84.424		WI DPI	2019-034802-TIVA-381	7,761	23,531	30,165	1,127
					341,445	996,577	987,432	350,590
<u>U.S. Department of Health and Human Services</u>								
Medical Assistance Program (Medicaid Cluster)	93.778	(X)	WI HHS	Provider #44219100	23,972	318,296	282,397	59,871
Total Federal Program Awards					<u>\$ 365,417</u>	<u>\$ 1,890,244</u>	<u>\$ 1,845,200</u>	<u>\$ 410,461</u>
(X) Major Federal Program								
* Non-cash Assistance								

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	State Grant Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Expenditures	State Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>Wisconsin Department of Public Instruction</u>						
Major State Programs:						
Pupil Transportation	255.107	* 034802-102	\$ -	\$ 88,116	\$ 88,116	\$ -
General Equalization	255.201	* 034802-116	168,363	10,499,731	10,492,501	175,593
Total Major Programs			<u>168,363</u>	<u>10,587,847</u>	<u>10,580,617</u>	<u>175,593</u>
Nonmajor State Programs:						
Special Ed & School Age Parents Aids	255.101	* 034802-100	-	927,249	927,249	-
State Lunch	255.102	034802-107	-	10,118	10,118	-
Common School Fund	255.103	034802-104	-	91,212	91,212	-
Bilingual/Bicultural	255.106	034802-111	-	8,439	8,439	-
WI School Day Milk Program	255.115	034802-109	-	4,464	4,464	-
Personal Electronic Computing Device	255.296	034802-175	-	26,250	26,250	-
School Breakfast Program	255.344	034802-108	-	5,475	5,475	-
Student Achievement Guarantee in Education	255.504	034802-160	-	680,215	680,215	-
Educator Effectiveness	255.940	034802-154	16,800	16,800	16,800	16,800
Per Pupil Aid	255.945	034802-113	-	1,466,922	1,466,922	-
Career and Technical Edu Incentive Grants	255.950	034802-152	-	7,000	7,000	-
Assessments of Reading Readiness	255.956	034802-166	-	4,205	4,205	-
Aid for Special Ed Transition	255.960	034802-168	-	3,000	3,000	-
<u>Wisconsin Department of Justice</u>						
School Safety Grant	455.206	13714,14709	-	112,874	112,874	-
Total Nonmajor Programs			<u>16,800</u>	<u>3,364,223</u>	<u>3,364,223</u>	<u>16,800</u>
Total State Financial Assistance			<u>\$ 185,163</u>	<u>\$ 13,952,070</u>	<u>\$ 13,944,840</u>	<u>\$ 192,393</u>

* District's 2018-2019 Net Aidable Costs Reported

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
NOTES TO SCHEDULE 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 4 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 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.

NOTE 6 SUBRECIPIENTS

The District did not pass any funding through to subrecipients.



**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
Rice Lake Area School District
Rice Lake, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rice Lake 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 26, 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, that we consider to be material weaknesses; 2019-001 through 2019-005.

Compliance and Other Matters

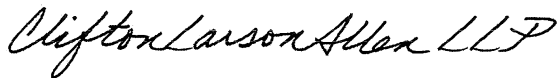
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Rice Lake Area School District's Responses to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Rice Lake, Wisconsin
November 26, 2019



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

Board of Education
Rice Lake Area School District
Rice Lake, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Rice Lake 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 of 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 Other 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 to each of its major federal and state programs for the year ended June 30, 2019.

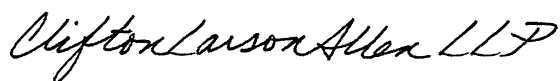
Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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

Rice Lake, Wisconsin
November 26, 2019

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

PART I: SUMMARY OF AUDITORS' 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? 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? 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 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, 10.556	Child Nutrition Cluster
93.778	Medicaid Cluster

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

Auditee qualified as low-risk auditee? yes X no

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

PART I: SUMMARY OF AUDITORS' RESULTS (CONTINUED)

State Awards

Internal control over major programs:

- Material weakness(es) identified? yes none reported
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes 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 none reported

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.107	Pupil Transportation
255.201	General Equalization Aids

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

Auditee qualified as low-risk auditee? yes 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 Brock Geyen, CPA
5. Date of Report

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, 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 and Planned Corrective Actions: 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's Director of Finance and Operations is the official responsible for ensuring corrective action of the deficiency.

**RICE LAKE AREA SCHOOL DISTRICT
RICE LAKE, 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 Material Audit Adjustments

Criteria: The District should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.

Condition: The audit firm proposed and the District posted to its general ledger accounts journal entries for correcting certain misstatements.

Context: The District has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.

Cause: The District has not established controls to ensure that all accounts are adjusted to their appropriate year end balances in accordance with GAAP.

Effect: The financial statements of the District may include inaccurate information not detected or prevented by District staff.

Recommendation: The District should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Actions: The District will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review, approve and accept all audit entries prior to posting to the District's finance system. The District's Director of Finance and Operations is the official responsible for ensuring corrective action of the deficiency.

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

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

FINDING: 2019-003 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 and Planned Corrective Actions: The District will continue to work to achieve segregation of duties whenever cost effective. The District's Director of Finance and Operations is the official responsible for ensuring corrective action of the deficiency.

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

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

FINDING: 2019-004 Activity Fund Deficiencies - Receipting

Criteria: All schools within the District should be using pre-numbered receipts any time money is received, be it for a service or for a payment of student activities. The receipted funds should be deposited into the bank timely and locked in a secure location between the time received and deposited into the bank.

Condition: Elementary schools are not using pre-numbered receipts for student activity funds. Elementary, Middle, and High School fiscal secretaries are not depositing funds in a timely manner, often holding cash and checks for over weeks at a time. The Schools leave secured locations where cash and checks are stored unlocked during the school day, even while the offices are unattended. The keys and lock combinations to these secure locations are also accessible to more than the authorized personnel and at times, to anyone in the office.

Context: The amount of money that actually goes through these schools is less than material, but writing receipts and secure cash handling procedures are effective controls that should be considered and addressed.

Cause: The condition is due to limited time as to when money is being received and District policies not being followed as written.

Effect: The only records of money being received or checks being issued are what is deposited to the bank or recorded in the ledger. Cash received could be understated and not deposited.

Recommendation: The District should ensure that all schools are writing receipts for the student activities with pre-numbered receipts. The District should require a minimum of weekly deposits and set limits on the dollar amounts held on-site before a bank deposit is required. The District should evaluate the current secure location status and policies to limit the access to the secure locations and the keys and combinations for those locations. The District should consider reconfiguring the keys and combinations to all safes, lockboxes, and secure locations.

Views of Responsible Officials and Planned Corrective Actions: The District will work with the schools to ensure the issuing of receipts using pre-numbered receipts. The District will work with the building fiscal secretaries and principals to insure timely deposits and to improve the physical controls of the secured cash areas. The CAP is ongoing. The Board of Education will be monitoring this corrective action plan. The District's Director of Finance and Operations is the official responsible for ensuring corrective action of the deficiency.

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

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

FINDING: 2019-005 Activity Fund Deficiencies - Disbursements

Criteria: All disbursements from Student Activity accounts require support and documented student approval for all purchases.

Condition: The auditors noted disbursements lacking proper student approval and documentation at the one elementary school.

Context: The amount of money that is disbursed through the elementary schools is not material.

Cause: The condition is due to lack of controls relating to the verification of appropriate support and student authorization.

Effect: The potential exists for improper use of student funds to pay District wide expenditures.

Recommendation: The District should assign a member of the finance staff or administrative staff the duty of reviewing all checks for required signatures and documentation prior to issuance of payment.

Views of Responsible Officials and Planned Corrective Actions: The District will continue to work with schools to ensure proper approvals and obtained and documentation is retained to support all student activity disbursements. The District's Director of Finance and Operations is the official responsible for ensuring corrective action of the deficiency.

PART III: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS:

None.

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

None.