

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

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RIVER FALLS, WISCONSIN
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RIVER FALLS, WISCONSIN
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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Board of Education
School District of River Falls
River Falls, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of River Falls, 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 District'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 opinion.

Opinion

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

Other Matters

Required Supplementary Information

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

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

Supplementary Information

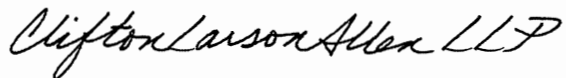
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual and combining fund statements and charter school authorization annual report, as referenced in the table of contents, are for purposes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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019 on 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 School District of River Falls' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Hudson, Wisconsin
November 21, 2019

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and Investments	\$ 51,481,545
Taxes Receivable	6,306,205
Accounts Receivable	3,628
Due from Other Governments	1,341,557
Capital Assets:	
Capital Assets Not Being Depreciated	1,090,195
Capital Assets Being Depreciated	80,520,744
Accumulated Depreciation	(34,603,654)
Total Assets	106,140,220
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	11,249,458
State Life Insurance Other Postemployment Benefits Related	131,046
Other Postemployment Benefit Related	275,475
Total Deferred Outflows of Resources	11,655,979
LIABILITIES	
Accounts Payable	5,081,295
Accrued Interest	160,872
Accrued Salaries and Wages	2,198,004
Payroll Taxes and Withholdings	844,355
Unearned Revenue	48,274
Long-Term Liabilities:	
Amounts Due Within One Year	4,281,215
Amounts Due In More than One Year	66,689,785
Wisconsin Retirement System Net Pension Plan Liability	4,391,321
State Life Insurance Net Other Postemployment Benefits Liability	1,065,233
Other Postemployment Liability	739,090
Total Liabilities	85,499,444
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	6,046,984
State Life Insurance Other Postemployment Benefits Related	301,172
Other Postemployment Benefit Related	200,469
Total Deferred Inflows of Resources	6,548,625
NET POSITION	
Net Investment in Capital Assets	13,453,269
Restricted for:	
Debt Service	2,764,634
Capital Improvements	305,001
Capital Projects	871,598
Food Service	180,120
Community Service	314,294
Unrestricted	7,859,214
Total Net Position	\$ 25,748,130

See accompanying Notes to Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Total Governmental Activities
Primary Government:				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 17,856,004	\$ 1,257,889	\$ 356,851	\$ (16,241,264)
Vocational Instruction	681,925	50,305	51,085	(580,535)
Special Instruction	4,122,785	67,106	1,366,015	(2,689,664)
Other Instruction	1,682,969	191,032	-	(1,491,937)
Total Instruction	24,343,683	1,566,332	1,773,951	(21,003,400)
Support Services:				
Pupil Services	1,314,718	8,559	205,726	(1,100,433)
Instructional Staff Services	1,534,078	-	376,935	(1,157,143)
General Administration Services	1,066,616	-	928	(1,065,688)
Building Administration Services	2,325,350	-	-	(2,325,350)
Business Services	305,585	-	-	(305,585)
Operation and Maintenance of Plant	17,662,697	4,532	304,475	(17,353,690)
Pupil Transportation Services	1,780,945	35,476	198,581	(1,546,888)
Food Service	1,555,318	1,007,823	512,711	(34,784)
Central Services	69,733	-	19,440	(50,293)
Insurance and Judgments	357,426	-	-	(357,426)
Interest and Fiscal Fees	1,837,292	-	-	(1,837,292)
Other Support Services	400,984	-	26,583	(374,401)
Community Services	949,668	924,069	4,639	(20,960)
Depreciation - Unallocated *	1,099,320	-	-	(1,099,320)
Total Support Services	32,259,730	1,980,459	1,650,018	(28,629,253)
Total Primary Government	\$ 56,603,413	\$ 3,546,791	\$ 3,423,969	(49,632,653)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				13,922,377
Property Taxes, Levied for Debt Purposes				5,070,673
Property Taxes, Levied for Community Service Purposes				160,000
Other Taxes				16,243
State and Federal Aids Not Restricted to Specific Functions:				
General				16,685,706
Other				2,256,711
Interest and Investment Earnings				1,076,814
Miscellaneous				146,418
Total General Revenues				39,334,942
Change in Net Position				(10,297,711)
Net Position - Beginning of Year				36,045,841
Net Position - End of Year				\$ 25,748,130

* This amount excludes depreciation included in the direct expense of the various functions - see Note 3.B.

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 8,523,387	\$ 2,920,382	\$ 39,279,147	\$ 758,629	\$ 51,481,545
Taxes Receivable	6,306,205	-	-	-	6,306,205
Accounts Receivable	3,628	-	-	-	3,628
Due from Other Governments	1,330,433	-	-	11,124	1,341,557
Due from Other Governmental Funds	-	-	1,149,511	125,000	1,274,511
	<u>16,163,653</u>	<u>2,920,382</u>	<u>40,428,658</u>	<u>894,753</u>	<u>60,407,446</u>
Total Assets	<u>\$ 16,163,653</u>	<u>\$ 2,920,382</u>	<u>\$ 40,428,658</u>	<u>\$ 894,753</u>	<u>\$ 60,407,446</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,580,630	\$ -	\$ 3,453,601	\$ 47,064	\$ 5,081,295
Accrued Salaries and Wages	2,198,004	-	-	-	2,198,004
Payroll Taxes and Withholdings	844,355	-	-	-	844,355
Due to Other Governmental Funds	1,274,511	-	-	-	1,274,511
Unearned Revenues	-	-	-	48,274	48,274
Total Liabilities	<u>5,897,500</u>	<u>-</u>	<u>3,453,601</u>	<u>95,338</u>	<u>9,446,439</u>
Fund Balances:					
Restricted	-	2,920,382	-	799,415	3,719,797
Committed	225,170	-	-	-	225,170
Unassigned	10,040,983	-	36,975,057	-	47,016,040
Total Fund Balances	<u>10,266,153</u>	<u>2,920,382</u>	<u>36,975,057</u>	<u>799,415</u>	<u>50,961,007</u>
Total Liabilities and Fund Balances	<u>\$ 16,163,653</u>	<u>\$ 2,920,382</u>	<u>\$ 40,428,658</u>	<u>\$ 894,753</u>	<u>\$ 60,407,446</u>

See accompanying Notes to Basic Financial Statements.

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

Total Fund Balances - Governmental Funds \$ 50,961,007

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:

Capital Assets	\$ 81,610,939	
Accumulated Depreciation	<u>(34,603,654)</u>	47,007,285

Wisconsin Retirement System Pension Plan:

The District's Net Pension Plan Liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Plan Asset (Liability)	(4,391,321)	
Deferred Outflows of Resources - Pension Related	11,249,458	
Deferred Inflows of Resources - Pension Related	<u>(6,046,984)</u>	811,153

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 Debt	67,560,000	
Capital Leases Payable	327,106	
Accrued Interest Payable on Long-Term Debt	160,872	
State Life Insurance Net Other Postemployment Benefits Liability	1,065,233	
Other Postemployment Benefits Payable	739,090	
Deferred Outflows of Resources - Other Postemployment Benefits	(406,521)	
Deferred Inflows of Resources - Other Postemployment Benefits	501,641	
Vested Employee Benefits Payable	<u>1,313,525</u>	(71,260,946)

Debt premiums and discounts are deferred in the statement of net position and amortized over the life of the related debt. In the governmental funds these costs are considered other financing sources/uses when incurred:

Unamortized Bond Premiums	(1,785,334)	
Unamortized Bond Discounts	<u>14,965</u>	<u>(1,770,369)</u>

Net Position of Governmental Activities \$ 25,748,130

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
REVENUES					
Local Sources:					
Property Taxes	\$ 13,922,377	\$ 5,070,673	\$ -	\$ 160,000	\$ 19,153,050
Other Local Sources	472,070	31,559	552,650	1,936,557	2,992,836
Interdistrict Sources	1,351,199	-	-	-	1,351,199
Intermediate Sources	25,323	-	-	-	25,323
State Sources	20,708,471	-	-	22,596	20,731,067
Federal Sources	1,137,398	-	-	490,115	1,627,513
Other Sources	105,766	-	318,948	-	424,714
Total Revenues	<u>37,722,604</u>	<u>5,102,232</u>	<u>871,598</u>	<u>2,609,268</u>	<u>46,305,702</u>
EXPENDITURES					
Instruction:					
Regular Instruction	16,008,787	-	-	-	16,008,787
Vocational Instruction	651,691	-	-	-	651,691
Special Instruction	3,910,384	-	-	-	3,910,384
Other Instruction	1,592,260	-	-	-	1,592,260
Support Services:					
Pupil Services	1,261,191	-	-	-	1,261,191
Instructional Staff Services	1,416,125	-	-	-	1,416,125
General Administration	993,483	-	-	-	993,483
School Building Administration	2,169,666	-	-	-	2,169,666
Business Services	547,084	-	-	-	547,084
Operation and Maintenance of Plant	6,316,869	-	11,344,861	109,955	17,771,685
Pupil Transportation Services	1,809,072	-	-	-	1,809,072
Food Service	-	-	-	1,541,631	1,541,631
Central Services	69,733	-	-	-	69,733
Insurance and Judgments	357,426	-	-	-	357,426
Debt Service	198,204	4,568,181	189,665	-	4,956,050
Other Support Services	210,636	-	150,047	40,301	400,984
Community Services	-	-	-	918,584	918,584
Total Expenditures	<u>37,512,611</u>	<u>4,568,181</u>	<u>11,684,573</u>	<u>2,610,471</u>	<u>56,375,836</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	209,993	534,051	(10,812,975)	(1,203)	(10,070,134)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	317,454	-	47,960,000	-	48,277,454
Premium on Debt Issued	-	1,794,191	-	-	1,794,191
Transfers In	-	-	-	125,000	125,000
Transfers Out	(128,820)	-	-	3,820	(125,000)
Net Other Financing Sources	<u>188,634</u>	<u>1,794,191</u>	<u>47,960,000</u>	<u>128,820</u>	<u>50,071,645</u>
NET CHANGE IN FUND BALANCES	398,627	2,328,242	37,147,025	127,617	40,001,511
Fund Balances - Beginning of Year	<u>9,867,526</u>	<u>592,140</u>	<u>(171,968)</u>	<u>671,798</u>	<u>10,959,496</u>
FUND BALANCES - END OF YEAR	<u>\$ 10,266,153</u>	<u>\$ 2,920,382</u>	<u>\$ 36,975,057</u>	<u>\$ 799,415</u>	<u>\$ 50,961,007</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$	40,001,511
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	\$ 1,437,680	
Depreciation Expense Reported in the Statement of Activities	<u>(3,059,184)</u>	(1,621,504)
In the statement of activities, the gain or loss on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.		
The gain (loss) on disposal of capital assets during the year is:		
		(17,614)
Pension and other postemployment benefit expenditures (OPEB) on the governmental funds are measured by current year employee contributions. Pension and OPEB expense on the statement of activities are measured by the change in Net Pension Liability (Asset) and the related deferred inflows and outflows of resources.		
Pension Liability (Asset) and Related Items	(1,687,995)	
OPEB Liability and Related Items	<u>77,235</u>	(1,610,760)
Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt incurred in the current year is:		
		(48,277,454)
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:		
		2,957,773
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	727,184	
Interest Accrued During the Current Period	<u>(727,329)</u>	(145)
Debt premiums, and discounts are reported as other financing sources/uses in governmental funds but are deferred in the government wide statements and amortized over the life of the related debt.		
		(1,794,191)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Amortization of Debt Premium	163,514	
Amortization of Debt Discount	(2,384)	
Net Change in Compensated Absences	<u>(96,457)</u>	<u>64,673</u>
Change in Net Position of Governmental Activities	\$	<u>(10,297,711)</u>

See accompanying Notes to Basic Financial Statements.

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

	Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Investments	\$ 4,184,425	\$ 19,521	\$ 311,072
LIABILITIES			
Accounts Payable	-	-	\$ 11,240
Due to Student Organizations	-	-	299,832
Total Liabilities	-	-	\$ 311,072
NET POSITION			
Held in Trust:			
Restricted - Held in Trust	4,184,425	\$ 19,521	

See accompanying Notes to Basic Financial Statements.

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

	Employee Benefit Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Local Sources:		
Interest	\$ 66,375	\$ 476
Gifts	-	8,000
Contributions from District	450,000	-
Total Additions	<u>516,375</u>	<u>8,476</u>
DEDUCTIONS		
Scholarship Awards	-	4,450
Benefit Payments	618,890	-
Total Deductions	<u>618,890</u>	<u>4,450</u>
CHANGE IN NET POSITION	(102,515)	4,026
Net Position - Beginning of Year	<u>4,286,940</u>	<u>15,495</u>
NET POSITION - END OF YEAR	<u>\$ 4,184,425</u>	<u>\$ 19,521</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

The School District of River Falls is organized as a common school district. The District, governed by a seven member elected school board, operates grades kindergarten through twelve and is comprised of all or parts of nine taxing districts.

The financial reporting of the District is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

C. Government-Wide and Fund Financial Statements

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

Government-Wide Statements

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

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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 financial resources to be used for the acquisition or construction of capital facilities (other than those financed by trust funds).

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 organization 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.

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.

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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 funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Fiduciary agency funds do not have a measurement focus.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 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 GAAP requires management to make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. Actual results could differ from those estimates.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Inflows/Outflows 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 30 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 noncurrent portion of outstanding balances between funds is reported as “advances to/from other funds”. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. For government-wide financial statements, eliminations were made for amounts due to and due from within the same fund type.

3. Inventories and Prepaid Items

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market and recorded as an expenditure when consumed rather than when purchased.

4. Capital Assets

Capital assets are reported at actual cost or estimated historical costs based on an appraisal conducted by an independent third-party appraisal firm. Donated assets are reported at estimated acquisition value at the time received. Capital assets not being depreciated include land.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. 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	\$5,000	N/A	N/A
Land Improvements	5,000	Straight-Line	10-20 Years
Buildings	5,000	Straight-Line	50 Years
Building Improvements	5,000	Straight-Line	7-25 Years
Furniture and Equipment	5,000	Straight-Line	5-20 Years
Computer and Related Technology	5,000	Straight-Line	5 Years
Textbooks, Library and Media*	5,000	Straight-Line	6 Years

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

5. Deferred Outflows of Resources

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

6. Deferred Inflows of Resources

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

7. Compensated Absences

It is the District's policy to permit certain 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.D.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

10. Long-Term Obligations

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Use of Restricted Resources

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

12. Equity Classifications

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

Government-Wide Statements – Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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 are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. It is the District's policy that at the end of each fiscal year, the District will maintain unassigned portion of fund balance for cash flow of at least 25% but not greater than 30% of the subsequent year's general fund operating expenditure budget.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In the general fund, for the year ended June 30, 2019, the expenditures exceeded the budgeted amount for expenditures as shown below:

EXPENDITURES	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Instruction:				
Vocational Curriculum	\$ 612,086	\$ 612,086	\$ 651,691	\$ (39,605)
Co-Curricular Activities	685,986	685,986	743,727	(57,741)
Support Services:				
Instructional Staff Services	1,253,945	1,253,945	1,416,125	(162,180)
General Administration	984,481	984,481	993,483	(9,002)
Insurance and Judgments	314,000	314,000	357,426	(43,426)
Debt Services	-	-	198,204	(198,204)
Nonprogram:				
Purchased Instructional Services	773,244	773,244	785,706	(12,462)
Other Nonprogram	1,000	1,000	4,561	(3,561)

These overages were determined necessary and authorized by management.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

Governmental Funds	\$ 51,481,545
Fiduciary Funds:	
Employee Benefit Trust Funds	4,184,425
Private Purpose Trust Funds	19,521
Agency Funds	311,072
Total	<u>\$ 55,996,563</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

Deposits at Financial Institutions	\$ 11,157,611
Investments in Municipal Bonds	40,315,028
Investments in Mutual Funds	339,500
Deposits with Fiscal Agent (Employee Benefit Trust Funds)	<u>4,184,424</u>
Total	<u>\$ 55,996,563</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. 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 Village to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

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

Investments

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

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

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

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

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

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

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
AUL Fixed Interest Annuity	\$ -	\$ 4,184,424	\$ -	\$ 4,184,424
Municipal Bonds	-	40,315,028	-	40,315,028
Mutual Funds - Equities	339,500	-	-	339,500
Total Investments	<u>\$ 339,500</u>	<u>\$ 44,499,452</u>	<u>\$ -</u>	<u>\$ 44,838,952</u>

The above investments consisted of a fixed interest annuity account with American United Life Insurance Company held at MidAmerica and deposits in municipal bonds and mutual funds of both equity and fixed income funds. Interest is earned on a daily basis and funds are available on demand.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The District’s policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed Note 1.E.1. The District does not have a concentration risk policy that would restrict the percentage of investment holdings that can be in one issuer or counterparty.

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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 further into the future are more sensitive to changes in market interest rates. The daily maturities of the investment Mid America mitigate this risk to the District.

B. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,090,195	\$ -	\$ -	\$ 1,090,195
Total Capital Assets, Not Being Depreciated	<u>1,090,195</u>	<u>-</u>	<u>-</u>	<u>1,090,195</u>
Capital Assets, Being Depreciated:				
Land Improvements	525,694	-	-	525,694
Buildings and Improvements	68,507,894	345,452	-	68,853,346
Furniture and Equipment	<u>12,419,173</u>	<u>1,092,228</u>	<u>(2,369,697)</u>	<u>11,141,704</u>
Total Capital Assets, Being Depreciated	81,452,761	1,437,680	(2,369,697)	80,520,744
Accumulated Depreciation for:				
Land Improvements	426,325	13,629	-	439,954
Buildings and Improvements	24,544,705	2,166,525	-	26,711,230
Furniture and Equipment	<u>8,925,523</u>	<u>879,030</u>	<u>(2,352,083)</u>	<u>7,452,470</u>
Total Accumulated Depreciation	<u>33,896,553</u>	<u>3,059,184</u>	<u>(2,352,083)</u>	<u>34,603,654</u>
Total Capital Assets, Being Depreciated, Net	<u>47,556,208</u>	<u>(1,621,504)</u>	<u>(17,614)</u>	<u>45,917,090</u>
Governmental Activities:				
Capital Assets, Net	<u>\$ 48,646,403</u>	<u>\$ (1,621,504)</u>	<u>\$ (17,614)</u>	<u>\$ 47,007,285</u>

Depreciation was charged to governmental functions as follows:

Instruction:

Regular Instruction	\$ 1,419,125
Other Instruction	8,725

Support Services:

Instructional Staff Services	68,719
Business Services	38,606
Operation and Maintenance of Plant	177,809
Pupil Transportation Services	264,333

Unallocated Depreciation

	1,081,867
Total Depreciation for Governmental Activities	<u>\$ 3,059,184</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Capital Improvements Fund	General Fund	\$ 125,000	Finance Capital Improvement Costs
Capital Projects Fund	General Fund	1,149,511	Reimbursement for Project Costs
	Total	<u>\$ 1,274,511</u>	

D. Long-Term Obligations

Changes in Long-Term Obligations

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

	<u>Balances July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2019</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds	\$ 22,365,000	\$ 47,960,000	\$ 2,765,000	\$ 67,560,000	\$ 4,105,000
Bond Premiums	154,657	1,794,191	163,514	1,785,334	-
Bond Discounts	(17,349)	-	(2,384)	(14,965)	-
Capital Leases	202,425	317,454	192,773	327,106	110,539
Vested Employee Benefits	1,217,068	234,771	461,214	1,313,525	65,676
Total	<u>\$ 23,921,801</u>	<u>\$ 50,306,416</u>	<u>\$ 3,580,117</u>	<u>\$ 70,971,000</u>	<u>\$ 4,281,215</u>

The District's estimated liabilities for compensated employee benefits are discussed in Note 4.C.

General Obligation Debt

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

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>
General Obligation Bonds:					
Refunding Bonds, Series 2000	11/1/00	4/1/20	5.0% - 6.0%	\$ 14,815,000	\$ 1,500,000
School Improvement and Refunding Bonds	2/22/12	4/1/29	2.0% - 3.0%	15,470,000	11,435,000
School Improvement Bonds	1/3/13	4/1/27	0.4% - 2.0%	7,615,000	6,665,000
General Obligation Corporate Purpose Bonds	7/12/18	4/1/27	3.0% - 5.0%	38,465,000	38,465,000
School Building and Improvement Bonds	2/7/19	4/1/38	3.0% - 3.5%	9,495,000	9,495,000
Total					<u>\$ 67,560,000</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual debt service fund cash flow requirements for retirement of the above long-term debt principal and interest at June 30, 2019 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,105,000	\$ 2,245,683	\$ 6,350,683
2021	4,030,000	2,067,520	6,097,520
2022	3,470,000	1,966,565	5,436,565
2023	3,580,000	1,862,790	5,442,790
2024	3,695,000	1,750,797	5,445,797
2025-2029	18,850,000	6,829,430	25,679,430
2030-2034	15,465,000	4,016,562	19,481,562
2035-2038	14,365,000	1,275,783	15,640,783
Total	<u>\$ 67,560,000</u>	<u>\$ 22,015,130</u>	<u>\$ 89,575,130</u>

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,194,533,551. 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 \$2,194,533,551)	\$ 219,453,355
Deduct Long-Term Debt Applicable to Debt Margin	<u>67,560,000</u>
Margin of Indebtedness	<u>\$ 151,893,355</u>

On July 12, 2018 the District issued \$38,465,000 of General Obligations Corporate Purpose Bonds, Series 2018A for the purpose of financing various improvements, upgrades, renovations, remodeling and maintain various school facilities. This bond bears an interest rate of 3.0 to 5.0 interest and matures on April 1, 2038.

On February 7, 2019 the District issued \$9,495,000 of general obligation building and improvement bonds for the purpose of financing the remaining portion of the costs associated with various District building and improvement projects. This bond bears an interest rate of 3.0 percent and 3.5 percent and matures on April 1, 2038.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Capital Leases

At June 30, 2019, the District had five capital leases outstanding with Lease Finance Group, Inc. for the purchase of Apple iPad Minis and Chromebooks. On July 15, 2015 the District had entered into a lease agreement with Saulsbury Hill Financial for the purchase of Chromebooks in the amount of \$149,551 and was paid in full during 2018-19, on July 12, 2016 the District entered into a lease agreement with American Capital Financial Services for the purchase of Chromebooks in the amount of \$210,690 and on July 7, 2017 the District entered into a lease agreement with American Capital Financial Services for the purchase of Chromebooks in the amount of \$80,331. On August 1, 2018 the District entered into a lease agreement with American Capital Financial Services for the purchase of Chromebooks in the amount of \$106,395, on October 15, 2018 in the amount of \$61,597 and on May 1, 2019 in the amount of \$149,462. The cost and accumulated depreciation recorded for these items is \$600,824 and \$487,983 respectively at June 30, 2019. Future lease payment requirements under the capital leases and the present value of the lease payments at June 30, 2019 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2020	\$ 265,782
2021	156,767
2022	119,193
Total Minimum Lease Payments	<u>541,742</u>
Less: Amount Representing Interest	<u>214,636</u>
Present Value Net Minimum Lease Payments	<u>\$ 327,106</u>

Operating Lease

On December 15, 2014, the District entered into an operating lease for the building used by the Renaissance Academy. The lease is for a period of 10 years commencing on January 20, 2015 and expiring on January 19, 2025 with the option for two 5-year extensions. The first three years of the lease are rent free. The District is responsible for paying taxes, insurance, and utilities. Commencing on January 20, 2018, the District shall pay a base rent of \$32,250 with annual increases of 1%.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Governmental Fund Balances

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

	<u>Total</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>
Major Funds:				
General Fund:				
Committed - Maintenance Projects	\$ 225,170	\$ -	\$ 225,170	\$ -
Unassigned	10,040,983	-	-	10,040,983
Subtotal General Fund	<u>10,266,153</u>	<u>-</u>	<u>225,170</u>	<u>10,040,983</u>
Debt Service Repayments	2,920,382	2,920,382	-	-
Capital Projects Purposes	36,975,057	-	-	36,975,057
Nonmajor Funds:				
Special Revenue Funds:				
Food Service Purposes	180,120	180,120	-	-
Kids Club Purposes	304,192	304,192	-	-
Community Education Purposes	10,102	10,102	-	-
Capital Improvements Fund	305,001	305,001	-	-
Subtotal Nonmajor Funds	<u>799,415</u>	<u>799,415</u>	<u>-</u>	<u>-</u>
 Total Governmental Funds Balances at June 30, 2019	 <u>\$ 50,961,007</u>	 <u>\$ 3,719,797</u>	 <u>\$ 225,170</u>	 <u>\$ 47,016,040</u>

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, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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)

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the District's reporting period July 1, 2018 through June 30, 2019, the WRS recognized \$1,285,268 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

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

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

At June 30, 2019, the District reported a liability of \$4,391,321 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 0.12343193 percent, which was a decrease of 0.00040467 from its proportion measured as of December 31, 2017.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

For the year ended June 30, 2019, the District recognized pension expense of \$2,975,761. 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	\$ 3,420,174	\$ (6,045,637)
Changes of Assumptions	740,216	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,413,224	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	20,878	(1,347)
District Contributions Subsequent to the Measurement Date	654,966	-
Total	<u>\$ 11,249,458</u>	<u>\$ (6,046,984)</u>

\$654,966 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 (asset) in the year ended June 30, 2019. 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	\$ 1,647,770
2021	419,068
2022	721,292
2023	1,759,378
2024	-
Thereafter	-

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Liability (Asset), 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
Mortality:	Wisconsin 2018 mortality table
Post-Retirement Adjustments*:	1.9%

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.

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

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	N/A	N/A	70%	5.0%
International Equity	N/A	N/A	30%	5.9%
Equities	49%	5.3 %	N/A	N/A
Fixed Income	24.5%	1.4	N/A	N/A
Inflation Sensitive Assets	15.5%	1.0	N/A	N/A
Real Estate	9%	3.6	N/A	N/A
Private Equity/Debt	8%	6.5	N/A	N/A
Multi-Asset	4%	3.6	N/A	N/A
Cash	-10%	0.9	N/A	N/A
Totals	<u>100%</u>		<u>100%</u>	

Discount Rate – 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.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Liability (Asset), 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 (8.20%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,451,570	\$ 4,391,321	\$ (5,319,987)

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

B. Other Postemployment Benefits – Multiple Employer Plan

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 postemployment life insurance benefits for all eligible employees.

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 postretirement 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.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Contributions (Continued) – 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

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:

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

During the reporting period, the LRLIF recognized \$7,953 in contributions from the District.

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

At June 30, 2019, the District reported a liability of \$1,065,233 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 0.41282700%, which was a decrease of 0.00333300% from its proportion measured as of December 31, 2017.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$103,034. 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	\$ -	\$ (54,038)
Changes of Assumptions or Other Input	101,639	(230,900)
Net Difference Between Projected and Actual Earnings on OPEB Investments	25,458	-
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	(16,234)
District Contributions Subsequent to the Measurement Date	3,949	-
Total	<u>\$ 131,046</u>	<u>\$ (301,172)</u>

\$3,949 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	\$ (23,757)
2021	(23,757)
2022	(23,757)
2023	(27,333)
2024	(31,015)
2025	(37,682)
2026	(6,774)
Thereafter	-

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
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JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

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

Valuation Date	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10
Long-Term Expected Rate of Return	5.00%
Discount Rate	4.22
Salary Increases:	
Inflation	3.0
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

The discount rate was based on the Bond Buyer Go 20-year AA municipal bond rate Index published by the Federal Reserve.

The actuarial assumptions used were based on an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumption used to measure the total OPEB liability changed from prior year, including the wage inflation rate and mortality and separation rates.

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

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

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

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

Single Discount Rate – A single discount rate of 4.22% was used to measure the total OPEB liability for the current year as opposed to discount rate of 3.63% for the prior year. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Based on these assumptions, the plan's fiduciary net position was projected to be insufficient to make all projected future payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability was applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payment 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 collective net OPEB liability (asset), calculated using a single discount rate of 4.22%, and shows what the plan's net OPEB liability (asset) would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher.

		1% Decrease (3.22%)	Current Discount Rate (4.22%)	1% Increase (5.22%)
Proportionate Share of the Net OPEB Liability (Asset)	6/30/19	\$ 1,515,364	\$ 1,065,233	\$ 718,059

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

C. Other Postemployment Benefit Other Than Pensions (OPEB)

Single-Employer Plan Description

Plan Description

The School District of River Falls' 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 School District of River Falls is designated as the administrator of the OPEB plan and it reserves the right to alter, amend, or terminate the OPEB at any time for any reason, without consent.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

Benefits Provided

District Administrators: At least age 55 with a minimum of five years of service. The District shall provide an annual HRA contribution for a period of five years. The amount of these contributions is determined by years of service with the District up to a maximum of \$20,000 in return for those with at least 15 years of service. These monies may be used to continue coverage in the District's group medical plan.

Teachers: Hired prior to July 1, 2001; at least age 55 (57 if less than age 50 as of June 30, 2012) with a minimum of 15 years of service. The District will provide an annual HRA contribution for a period of 5 years. The amount of these contributions is determined by years of service in the District. The HRA funds may be used for continued medical coverage on the District's group medical plan.

Support Staff: (Implicit Rate Subsidy Only) Retirees may remain on the group medical plan provided that the retiree self-pays the full (100%) required medical premium amount. Eligible retirees may also use any accumulated unused sick leave towards payment of such premiums until their exhaustion. The amount of this sick leave benefit differs by classification.

Superintendent: At least age 55 with a minimum of five years of service. The District shall provide an annual HRA contribution for a period of five years. The amount of these contributions is determined by years of service with the District up to a maximum of \$30,000 in return for those with at least 10 years of service. These monies may be used to continue coverage in the District's group medical plan.

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	44
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	-
Active Plan Members	<u>369</u>
Total	<u><u>413</u></u>

Note: Teachers hired after July 1, 2001 and 20 teachers who opted out of the teacher postemployment benefit noted above receive annual contributions to an HRA during their active years of service. Retirees may choose to remain on the District's group medical plan provided that the retiree self-pays the full amount (100%) of the required premiums. All eligible teachers (regardless of date of hire) may use accumulated unused sick leave towards payments of medical premiums upon retirement.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

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 \$450,000 to the plan.

Investments

Investment Policy: The School Board of the School District of River Falls' 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>
Fixed Annuity	100.0 %

Rate of Return: For the year ended June 30, 2019, the annual money-weighted rate of return, net of investment expense, was 4.0%.

Net OPEB Liability

Total OPEB Liability - Ending (a)	\$ 4,923,514
Plan Fiduciary Net Position - Ending (b)	<u>4,184,425</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 739,089</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	84.99%

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 that date.

Actuarial Assumptions

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

Salary Increases:	3.0%
Assumed Rate of Return on Plan Assets:	4.0%
Plan Participation of Future Retirees:	100.0%
Discount Rate:	3.7%
Healthcare Cost Trend Rates:	6.25% in 2018 grading to 5.00% over 5 years

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

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 generational improvement scale.

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 4.00%. 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 4.00% 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>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Annuity	100.0 %	4.0 %

Discount Rate

The discount rate used to measure the total OPEB liability was 3.7%. 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 3.7% was used in calculating the District's OPEB liabilities.

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	\$ 5,082,409	\$ 4,286,940	\$ 795,469
Changes for the Year:			
Service Cost	226,558	-	226,558
Interest	195,098	-	195,098
Differences Between Expected and Actual Experience	-	(105,103)	105,103
Changes of Assumptions or Other Input	38,340	-	38,340
Contributions - Employer	-	450,000	(450,000)
Net Investment Income	-	171,478	(171,478)
Benefit Payments	(618,890)	(618,890)	-
Net Changes	<u>(158,894)</u>	<u>(102,515)</u>	<u>(56,379)</u>
Balances at June 30, 2019	<u>\$ 4,923,515</u>	<u>\$ 4,184,425</u>	<u>\$ 739,090</u>

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

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.70%) or 1-percentage-point higher (4.70%) than the current discount rate:

		1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Net OPEB Liability	6/30/19	<u>\$ 975,362</u>	<u>\$ 739,089</u>	<u>\$ 515,522</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 (5.25% decreasing to 4.0%) or 1-percentage-point higher (7.25% decreasing to 6.0%) than the current healthcare cost trend rates:

		1% Decrease (5.25% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5.0%)	1% Increase (7.25% Decreasing to 6.0%)
Net OPEB Liability	6/30/19	<u>\$ 625,718</u>	<u>\$ 739,089</u>	<u>\$ 976,372</u>

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 \$277,590. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 105,632	\$ -
Changes of Assumptions or Other Input	33,547	(200,469)
Net Difference Between Projected and Actual Earnings on OPEB Investments	136,296	-
Total	<u>\$ 275,475</u>	<u>\$ (200,469)</u>

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

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

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

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

<u>Year Ended June 30:</u>	<u>OPEB Expense Amount</u>
2020	\$ 27,413
2021	27,413
2022	27,412
2023	10,006
2024	(11,013)
Thereafter	(6,225)

The plan does not issue separate financial statements.

D. Compensated Absences

The District's policy on allowing sick leave benefits to vest is based upon employee and union contracts. Retiring employees, who meet certain age and length of service requirements, will receive a cash payout of their unused sick leave at a daily rate and maximum amount dependent upon their position with the District.

The District's estimated liability for sick leave benefits at June 30, 2019 was \$1,313,525 and is financed through the District's annual operating budget on a pay-as-you-go basis. It was recorded as a long-term obligation in the government-wide financial statements.

Compensated absences are liquidated by either the general fund, food service fund, Kids Club fund or community education fund.

E. 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 has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims have not exceeded this commercial coverage in any of the past three years.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Limitation on School District Revenues

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

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

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

G. Subsequent Events

On July 7, 2019 the District approved to enter into a capital lease agreement with American Capital Financial Services at a cost of \$113,818 for the acquisition of Chromebook equipment. This lease bears an interest rate of 4.9% and will mature on August 1, 2022.

H. Commitments

At June 30, 2019, the District was committed under a construction contracts related to various improvements, upgrades, renovations, remodeling and maintaining various school facilities. The District entered into a contracts totaling \$43,900,843 which will be financed with proceeds of long-term debt and existing District funds. As of June 30, 2019, \$32,337,541 remains yet to be completed and paid.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budgets				Final Budgets				Actuals			
	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination Adjustments	Totals	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination Adjustments	Totals	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination Adjustments	Totals
REVENUES												
Local Sources:												
Property Taxes	\$ 13,922,377	\$ -	\$ -	\$ 13,922,377	\$ 13,922,377	\$ -	\$ -	\$ 13,922,377	\$ 13,922,377	\$ -	\$ -	\$ 13,922,377
Other Local Sources	430,970	-	-	430,970	430,970	-	-	430,970	472,070	-	-	472,070
Interdistrict Sources	1,256,970	74,961	-	1,331,931	1,256,970	74,961	-	1,331,931	1,275,534	75,665	-	1,351,199
Intermediate Sources	17,443	-	-	17,443	17,443	-	-	17,443	25,323	-	-	25,323
State Sources	19,651,301	1,016,412	-	20,667,713	19,651,301	1,016,412	-	20,667,713	19,663,518	1,044,953	-	20,708,471
Federal Sources	353,401	759,475	-	1,112,876	353,401	759,475	-	1,112,876	354,504	782,894	-	1,137,398
Other Sources	112,538	-	-	112,538	112,538	-	-	112,538	105,766	-	-	105,766
Total Revenues	35,745,000	1,850,848	-	37,595,848	35,745,000	1,850,848	-	37,595,848	35,819,092	1,903,512	-	37,722,604
EXPENDITURES												
Instruction:												
Undifferentiated Curriculum	6,785,512	-	-	6,785,512	6,785,512	-	-	6,785,512	6,689,954	-	-	6,689,954
Regular Curriculum	8,812,259	-	-	8,812,259	8,812,259	-	-	8,812,259	8,556,884	-	-	8,556,884
Vocational Curriculum	612,086	-	-	612,086	612,086	-	-	612,086	651,691	-	-	651,691
Physical Curriculum	854,122	-	-	854,122	854,122	-	-	854,122	848,533	-	-	848,533
Special Education Curriculum	-	3,819,343	-	3,819,343	-	3,819,343	-	3,819,343	-	3,766,161	-	3,766,161
Co-Curricular Activities	685,986	-	-	685,986	685,986	-	-	685,986	743,727	-	-	743,727
Other Special Needs	124,040	-	-	124,040	124,040	-	-	124,040	120,466	-	-	120,466
Total Instruction	17,874,005	3,819,343	-	21,693,348	17,874,005	3,819,343	-	21,693,348	17,611,255	3,766,161	-	21,377,416
Support Services:												
Pupil Services	818,433	484,486	-	1,302,919	818,433	484,486	-	1,302,919	777,787	483,404	-	1,261,191
Instructional Staff Services	1,006,504	247,441	-	1,253,945	1,006,504	247,441	-	1,253,945	1,170,676	245,449	-	1,416,125
General Administration	983,481	1,000	-	984,481	983,481	1,000	-	984,481	992,555	928	-	993,483
School Building Administration	2,214,482	-	-	2,214,482	2,214,482	-	-	2,214,482	2,169,666	-	-	2,169,666
Business Administration	8,638,904	136,109	-	8,775,013	8,638,904	136,109	-	8,775,013	8,504,247	172,560	-	8,676,807
Central Services	70,250	-	-	70,250	70,250	-	-	70,250	69,733	-	-	69,733
Insurance and Judgments	314,000	-	-	314,000	314,000	-	-	314,000	357,426	-	-	357,426
Debt Services	-	-	-	-	-	-	-	-	198,204	-	-	198,204
Other Support Services	213,166	-	-	213,166	213,166	-	-	213,166	202,293	-	-	202,293
Total Support Services	14,259,220	869,036	-	15,128,256	14,259,220	869,036	-	15,128,256	14,442,587	902,341	-	15,344,928
Nonprogram:												
Purchased Instructional Services	743,244	30,000	-	773,244	743,244	30,000	-	773,244	761,949	23,757	-	785,706
Other Nonprogram	1,000	-	-	1,000	1,000	-	-	1,000	582	3,979	-	4,561
Total Nonprogram	744,244	30,000	-	774,244	744,244	30,000	-	774,244	762,531	27,736	-	790,267
Total Expenditures	32,877,469	4,718,379	-	37,595,848	32,877,469	4,718,379	-	37,595,848	32,816,373	4,696,238	-	37,512,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,867,531	(2,867,531)	-	-	2,867,531	(2,867,531)	-	-	3,002,719	(2,792,726)	-	209,993
OTHER FINANCING SOURCES (USES)												
Long-Term Debt Issued	-	-	-	-	-	-	-	-	317,454	-	-	317,454
Transfers In	-	2,867,531	(2,867,531)	-	-	2,867,531	(2,867,531)	-	-	2,792,726	(2,792,726)	-
Transfers Out	(2,867,531)	-	2,867,531	-	(2,867,531)	-	2,867,531	-	(2,921,546)	-	2,792,726	(128,820)
Total Other Financing Sources (Uses)	(2,867,531)	2,867,531	-	-	(2,867,531)	2,867,531	-	-	(2,604,092)	2,792,726	-	188,634
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-	398,627	-	-	398,627
Fund Balance - Beginning of Year	9,867,526	-	-	9,867,526	9,867,526	-	-	9,867,526	9,867,526	-	-	9,867,526
FUND BALANCE - END OF YEAR	\$ 9,867,526	\$ -	\$ -	\$ 9,867,526	\$ 9,867,526	\$ -	\$ -	\$ 9,867,526	\$ 10,266,153	\$ -	\$ -	\$ 10,266,153

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

Measurement Date: December 31,	2014	2015	2016	2017	2018
District's Proportion of the Net Pension Liability (Asset)	0.12595558%	0.12526479%	0.12438012%	0.12383660%	0.12343193%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,093,814)	\$ 2,035,529	\$ 1,025,189	\$ (3,676,855)	\$ 4,391,321
District's Covered Payroll	\$ 17,755,313	\$ 17,754,809	\$ 17,827,249	\$ 18,300,208	\$ 19,020,887
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-17.42%	11.46%	5.75%	-20.09%	23.09%
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.

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

Year Ended: June 30,	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 1,222,624	\$ 1,186,152	\$ 1,309,372	\$ 1,252,921	\$ 1,285,268
Contributions in Relation to the Contractually Required Contributions	(1,222,624)	(1,186,152)	(1,309,372)	(1,252,921)	(1,285,268)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 17,726,259	\$ 17,709,948	\$ 19,513,271	\$ 18,566,722	\$ 19,406,979
Contributions as a Percentage of Covered Payroll	6.90%	6.70%	6.71%	6.75%	6.62%

*The amounts presented for each fiscal year were determined for the period ended 06/30 that occurred within the fiscal year.

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.

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

Measurement Date: December 31,

	2017	2018
District's Proportion of the Net OPEB Liability (Asset)	0.41616000%	0.41282700%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,252,051	\$ 1,065,233
District's Covered Payroll	\$ 17,500,712	\$ 18,184,000
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.15%	5.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	44.81%	48.69%

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

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

Year Ended: June 30,

	2018	2019
Contractually Required Contributions	\$ 8,682	\$ 7,998
Contributions in Relation to the Contractually Required Contributions	(8,682)	(7,998)
Contribution Deficiency (Excess)	\$ -	\$ -
 District's Covered Payroll	 \$ 18,566,722	 \$ 19,406,979
 Contributions as a Percentage of Covered Payroll	 0.05%	 0.04%

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEAR
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB Liability			
Service Cost	\$ 290,161	\$ 213,043	\$ 226,558
Interest	188,259	185,631	195,098
Differences Between Expected and Actual Experience	-	140,844	-
Changes of Assumptions or Other Input	-	(267,293)	38,340
Benefit Payments	<u>(691,457)</u>	<u>(556,253)</u>	<u>(618,890)</u>
Net Change in Total OPEB Liability	<u>(213,037)</u>	<u>(284,028)</u>	<u>(158,894)</u>
Total OPEB Liability - Beginning	<u>5,579,474</u>	<u>5,366,437</u>	<u>5,082,409</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 5,366,437</u></u>	<u><u>\$ 5,082,409</u></u>	<u><u>\$ 4,923,515</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ -	\$ 1,350,000	\$ 450,000
Net Investment Income	67,680	50,678	66,375
Benefit Payments	<u>(691,457)</u>	<u>(556,253)</u>	<u>(618,890)</u>
Net Change in Plan Fiduciary Net Position	<u>(623,777)</u>	<u>844,425</u>	<u>(102,515)</u>
Plan Fiduciary Net Position - Beginning	<u>4,066,292</u>	<u>3,442,515</u>	<u>4,286,940</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 3,442,515</u></u>	<u><u>\$ 4,286,940</u></u>	<u><u>\$ 4,184,425</u></u>
District's Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 1,923,922</u></u>	<u><u>\$ 795,469</u></u>	<u><u>\$ 739,090</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	64.15%	84.35%	84.99%
Covered Payroll	\$ 12,384,929	\$ 18,090,669	\$ 18,633,389
District's Net OPEB Liability as a Percentage of Covered Payroll	15.53%	4.40%	3.97%

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO OPEB PLAN
LAST TEN FISCAL YEAR
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution (ADC)	\$ 398,188	\$ 1,111,380	\$ 222,040
Contributions in Relation to the Actuarially Determined Contribution	-	1,350,000	450,000
Contribution Deficiency (Excess)	<u>\$ 398,188</u>	<u>\$ (238,620)</u>	<u>\$ (227,960)</u>
 Covered Payroll	 \$ 12,384,929	 \$ 18,090,669	 \$ 18,633,389
 Contributions as a Percentage of Covered Payroll	 0.00%	 7.46%	 2.42%

Notes to Schedule

Valuation Dated: July 1, 2017

Measurement Dated: June 30, 2018

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 Normal
Amortization Method:	30 Year Level-Dollar
Asset Valuation Method:	Market Value
Inflation:	3.0
Healthcare Cost Trend Rates:	6.25% in 2019 grading to 5.00% over 5 years
Discount Rate:	3.7%

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
SCHEDULE OF DISTRICT'S INVESTMENT RETURNS ON OPEB PLAN ASSTS
LAST TEN FISCAL YEAR
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

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

<u>Year</u>	
2017	1.60%
2018	1.33%
2019	1.73%

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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 two-digit subfunction level in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

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

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

EXCESS OF EXPENDITURES OVER BUDGET

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
FUND 10 AND FUND 27
COMBINING BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

	Original Budgets				Final Budgets				Actuals			
	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination Adjustments	Totals	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination Adjustments	Totals	Fund 10 General Fund	Fund 27 Special Education Fund	Elimination Adjustments	Totals
REVENUES												
Local Sources:												
Property Taxes	\$ 13,922,377	\$ -	\$ -	\$ 13,922,377	\$ 13,922,377	\$ -	\$ -	\$ 13,922,377	\$ 13,922,377	\$ -	\$ -	\$ 13,922,377
Other Local Sources	430,970	-	-	430,970	430,970	-	-	430,970	472,070	-	-	472,070
Interdistrict Sources	1,256,970	74,961	-	1,331,931	1,256,970	74,961	-	1,331,931	1,275,534	75,665	-	1,351,199
Intermediate Sources	17,443	-	-	17,443	17,443	-	-	17,443	25,323	-	-	25,323
State Sources	19,651,301	1,016,412	-	20,667,713	19,651,301	1,016,412	-	20,667,713	19,663,518	1,044,953	-	20,708,471
Federal Sources	353,401	759,475	-	1,112,876	353,401	759,475	-	1,112,876	354,504	782,894	-	1,137,398
Other Sources	112,538	-	-	112,538	112,538	-	-	112,538	105,766	-	-	105,766
Total Revenues	35,745,000	1,850,848	-	37,595,848	35,745,000	1,850,848	-	37,595,848	35,819,092	1,903,512	-	37,722,604
EXPENDITURES												
Instruction:												
Undifferentiated Curriculum	6,785,512	-	-	6,785,512	6,785,512	-	-	6,785,512	6,689,954	-	-	6,689,954
Regular Curriculum	8,812,259	-	-	8,812,259	8,812,259	-	-	8,812,259	8,556,884	-	-	8,556,884
Vocational Curriculum	612,086	-	-	612,086	612,086	-	-	612,086	651,691	-	-	651,691
Physical Curriculum	854,122	-	-	854,122	854,122	-	-	854,122	848,533	-	-	848,533
Special Education Curriculum	-	3,819,343	-	3,819,343	-	3,819,343	-	3,819,343	-	3,766,161	-	3,766,161
Co-Curricular Activities	685,986	-	-	685,986	685,986	-	-	685,986	743,727	-	-	743,727
Other Special Needs	124,040	-	-	124,040	124,040	-	-	124,040	120,466	-	-	120,466
Total Instruction	17,874,005	3,819,343	-	21,693,348	17,874,005	3,819,343	-	21,693,348	17,611,255	3,766,161	-	21,377,416
Support Services:												
Pupil Services	818,433	484,486	-	1,302,919	818,433	484,486	-	1,302,919	777,787	483,404	-	1,261,191
Instructional Staff Services	1,006,504	247,441	-	1,253,945	1,006,504	247,441	-	1,253,945	1,170,676	245,449	-	1,416,125
General Administration	983,481	1,000	-	984,481	983,481	1,000	-	984,481	992,555	928	-	993,483
School Building Administration	2,214,482	-	-	2,214,482	2,214,482	-	-	2,214,482	2,169,666	-	-	2,169,666
Business Administration	8,638,904	136,109	-	8,775,013	8,638,904	136,109	-	8,775,013	8,504,247	172,560	-	8,676,807
Central Services	70,250	-	-	70,250	70,250	-	-	70,250	69,733	-	-	69,733
Insurance and Judgments	314,000	-	-	314,000	314,000	-	-	314,000	357,426	-	-	357,426
Debt Services	-	-	-	-	-	-	-	-	198,204	-	-	198,204
Other Support Services	213,166	-	-	213,166	213,166	-	-	213,166	202,293	-	-	202,293
Total Support Services	14,259,220	869,036	-	15,128,256	14,259,220	869,036	-	15,128,256	14,442,587	902,341	-	15,344,928
Nonprogram:												
Purchased Instructional Services	743,244	30,000	-	773,244	743,244	30,000	-	773,244	761,949	23,757	-	785,706
Other Nonprogram	1,000	-	-	1,000	1,000	-	-	1,000	582	3,979	-	4,561
Total Nonprogram	744,244	30,000	-	774,244	744,244	30,000	-	774,244	762,531	27,736	-	790,267
Total Expenditures	32,877,469	4,718,379	-	37,595,848	32,877,469	4,718,379	-	37,595,848	32,816,373	4,696,238	-	37,512,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,867,531	(2,867,531)	-	-	2,867,531	(2,867,531)	-	-	3,002,719	(2,792,726)	-	209,993
OTHER FINANCING SOURCES (USES)												
Long-Term Debt Issued	-	-	-	-	-	-	-	-	317,454	-	-	317,454
Transfers In	-	2,867,531	(2,867,531)	-	-	2,867,531	(2,867,531)	-	-	2,792,726	(2,792,726)	-
Transfers Out	(2,867,531)	-	2,867,531	-	(2,867,531)	-	2,867,531	-	(2,921,546)	-	2,792,726	(128,820)
Total Other Financing Sources (Uses)	(2,867,531)	2,867,531	-	-	(2,867,531)	2,867,531	-	-	(2,604,092)	2,792,726	-	188,634
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-	398,627	-	-	398,627
Fund Balance - Beginning of Year	9,867,526	-	-	9,867,526	9,867,526	-	-	9,867,526	9,867,526	-	-	9,867,526
FUND BALANCE - END OF YEAR	\$ 9,867,526	\$ -	\$ -	\$ 9,867,526	\$ 9,867,526	\$ -	\$ -	\$ 9,867,526	\$ 10,266,153	\$ -	\$ -	\$ 10,266,153

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 13,922,377	\$ 13,922,377	\$ 13,922,377	\$ -
Other Local Sources	430,970	430,970	472,070	41,100
Interdistrict Sources	1,256,970	1,256,970	1,275,534	18,564
Intermediate Sources	17,443	17,443	25,323	7,880
State Sources	19,651,301	19,651,301	19,663,518	12,217
Federal Sources	353,401	353,401	354,504	1,103
Other Sources	112,538	112,538	105,766	(6,772)
Total Revenues	<u>35,745,000</u>	<u>35,745,000</u>	<u>35,819,092</u>	<u>74,092</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	6,785,512	6,785,512	6,689,954	95,558
Regular Curriculum	8,812,259	8,812,259	8,556,884	255,375
Vocational Curriculum	612,086	612,086	651,691	(39,605)
Physical Curriculum	854,122	854,122	848,533	5,589
Co-Curricular Activities	685,986	685,986	743,727	(57,741)
Other Special Needs	124,040	124,040	120,466	3,574
Total Instruction	<u>17,874,005</u>	<u>17,874,005</u>	<u>17,611,255</u>	<u>262,750</u>
Support Services:				
Pupil Services	818,433	818,433	777,787	40,646
Instructional Staff Services	1,006,504	1,006,504	1,170,676	(164,172)
General Administration	983,481	983,481	992,555	(9,074)
School Building Administration	2,214,482	2,214,482	2,169,666	44,816
Business Administration	8,638,904	8,638,904	8,504,247	134,657
Central Services	70,250	70,250	69,733	517
Insurance and Judgments	314,000	314,000	357,426	(43,426)
Debt Services	-	-	198,204	(198,204)
Other Support Services	213,166	213,166	202,293	10,873
Total Support Services	<u>14,259,220</u>	<u>14,259,220</u>	<u>14,442,587</u>	<u>(183,367)</u>
Nonprogram:				
Purchased Instructional Services	743,244	743,244	761,949	(18,705)
Other Nonprogram	1,000	1,000	582	418
Total Nonprogram	<u>744,244</u>	<u>744,244</u>	<u>762,531</u>	<u>(18,287)</u>
Total Expenditures	<u>32,877,469</u>	<u>32,877,469</u>	<u>32,816,373</u>	<u>61,096</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,867,531	2,867,531	3,002,719	135,188
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	317,454	317,454
Transfers Out	(2,867,531)	(2,867,531)	(2,921,546)	(54,015)
Total Other Financing Sources (Uses)	<u>(2,867,531)</u>	<u>(2,867,531)</u>	<u>(2,604,092)</u>	<u>263,439</u>
NET CHANGE IN FUND BALANCE	-	-	398,627	398,627
Fund Balance - Beginning of Year	9,867,526	9,867,526	9,867,526	-
FUND BALANCE - END OF YEAR	<u>\$ 9,867,526</u>	<u>\$ 9,867,526</u>	<u>\$ 10,266,153</u>	<u>\$ 398,627</u>

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interdistrict Sources	\$ 74,961	\$ 74,961	\$ 75,665	\$ 704
State Sources	1,016,412	1,016,412	1,044,953	28,541
Federal Sources	759,475	759,475	782,894	23,419
Total Revenues	<u>1,850,848</u>	<u>1,850,848</u>	<u>1,903,512</u>	<u>52,664</u>
EXPENDITURES				
Instruction:				
Special Education Curriculum	3,819,343	3,819,343	3,766,161	53,182
Support Services:				
Pupil Services	484,486	484,486	483,404	1,082
Instructional Staff Services	247,441	247,441	245,449	1,992
General Administration	1,000	1,000	928	72
Business Administration	136,109	136,109	172,560	(36,451)
Total Support Services	<u>869,036</u>	<u>869,036</u>	<u>902,341</u>	<u>(33,305)</u>
Nonprogram:				
Purchased Instructional Services	30,000	30,000	23,757	6,243
Other Nonprogram	-	-	3,979	(3,979)
Total Nonprogram	<u>30,000</u>	<u>30,000</u>	<u>27,736</u>	<u>2,264</u>
Total Expenditures	<u>4,718,379</u>	<u>4,718,379</u>	<u>4,696,238</u>	<u>22,141</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,867,531)	(2,867,531)	(2,792,726)	74,805
OTHER FINANCING SOURCES				
Transfers In	<u>2,867,531</u>	<u>2,867,531</u>	<u>2,792,726</u>	<u>(74,805)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Special Revenue Funds			Capital Improvement Fund	Total Nonmajor Governmental Funds
	Food Service	Kids Club	Community Education		
ASSETS					
Cash and Investments	\$ 249,362	\$ 316,607	\$ 12,659	\$ 180,001	\$ 758,629
Due from Other Governments	11,124	-	-	-	11,124
Due from Other Governmental Funds	-	-	-	125,000	125,000
Total Assets	\$ 260,486	\$ 316,607	\$ 12,659	\$ 305,001	\$ 894,753
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 32,092	\$ 12,415	\$ 2,557	\$ -	\$ 47,064
Unearned Revenues	48,274	-	-	-	48,274
Total Liabilities	80,366	12,415	2,557	-	95,338
Fund Balances:					
Restricted	180,120	304,192	10,102	305,001	799,415
Total Liabilities and Fund Balances	\$ 260,486	\$ 316,607	\$ 12,659	\$ 305,001	\$ 894,753

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

	Special Revenue Funds			Capital Improvement Fund	Total Nonmajor Governmental Funds
	Food Service	Kids Club	Community Education		
REVENUES					
Local Sources:					
Property Taxes	\$ -	\$ -	\$ 160,000	\$ -	\$ 160,000
Other Local Sources	1,007,838	834,176	94,543	-	1,936,557
State Sources	22,596	-	-	-	22,596
Federal Sources	490,115	-	-	-	490,115
Total Revenues	<u>1,520,549</u>	<u>834,176</u>	<u>254,543</u>	<u>-</u>	<u>2,609,268</u>
EXPENDITURES					
Support Services:					
Operation and Maintenance of Plant	-	109,955	-	-	109,955
Food Service	1,541,631	-	-	-	1,541,631
Other Support Services	-	36,976	3,325	-	40,301
Community Services	-	662,226	256,358	-	918,584
Total Expenditures	<u>1,541,631</u>	<u>809,157</u>	<u>259,683</u>	<u>-</u>	<u>2,610,471</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,082)	25,019	(5,140)	-	(1,203)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	125,000	125,000
Transfers Out	3,820	-	-	-	3,820
Total Other Financing Sources	<u>3,820</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>128,820</u>
NET CHANGE IN FUND BALANCES	(17,262)	25,019	(5,140)	125,000	127,617
Fund Balances - Beginning of Year	<u>197,382</u>	<u>279,173</u>	<u>15,242</u>	<u>180,001</u>	<u>671,798</u>
FUND BALANCES - END OF YEAR	<u>\$ 180,120</u>	<u>\$ 304,192</u>	<u>\$ 10,102</u>	<u>\$ 305,001</u>	<u>\$ 799,415</u>

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
STUDENT ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2019**

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2019</u>
ASSETS				
Cash and Investments	<u>\$ 282,878</u>	<u>\$ 810,955</u>	<u>\$ 782,761</u>	<u>\$ 311,072</u>
LIABILITIES				
Accounts Payable	\$ 3,997	\$ 11,240	\$ 3,998	\$ 11,239
Due to Student Organizations	<u>278,881</u>	<u>799,715</u>	<u>778,763</u>	<u>299,833</u>
Total Liabilities	<u>\$ 282,878</u>	<u>\$ 810,955</u>	<u>\$ 782,761</u>	<u>\$ 311,072</u>

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

SECTION I: AUTHORIZER INFORMATION

Authorizing Entity: School District of River Falls
 Authorizer Address: 852 East Division Street
 Authorizer Contact Person: Chad Smurawa
 Contact Person Title: Director of Finance
 Contact Person Phone: 715-425-1800
 Contact Person Email: chad.smurawa@rfsd.k12.wi.us

SECTION II: CHARTER SCHOOL INFORMATION

School Name:	Contract Start Date:	Contract Expiration Date:	Grades Served:
Renaissance Charter Academy	7/1/2003	6/30/2019	9-12
Montessori Charter Elementary	7/1/2003	6/30/2019	K4-6

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOL

River Falls Public Montessori Academy (RFPMA) is a collaborative community that supports the development of intrinsically motivated, inquisitive, critical thinking citizens who realize their full potential to serve and positively impact the world. By following the Montessori Method, we promote individualized learning through the exploration and inquiry in multi-aged communities to develop the whole child. During the 2018-2019 school year, the RFPMA served a total of 171 students in grades 4K-6. 50.6% of students tested were proficient or advanced in reading/language arts and 39.8% of students tested were proficient or advanced in math on the Wisconsin Department of Public Instruction School Report Card. Overall, the RFPMA Exceeded Expectations with a School Report Card score of 84.0.

The Renaissance Academy is an innovative charter school that offers program to meet the needs of a wide range of learners. Our specialty lies in the area of individualized learning with social and emotional support. The Renaissance Academy partners with the River Falls High School to offer students a larger variety of courses, electives, sports, activities and clubs. We also offer dual credit courses in cooperation with local technical colleges. We ensure that all students have a firm grasp of core academics and skills necessary to achieve post-secondary life goals. Students at the Renaissance Academy are expected to demonstrate independent learning skills and embrace the concept of lifelong learning. An evening program is offered for students interested in credit recovery. During the 2018-2019 school year, the Renaissance Charter Academy served a total of 57 full time students in grades 9-12, and an additional 8 students were provided educational services for part of the school year. Of the 19 seniors enrolled in the program, 19 graduated from the River Falls School District. Additionally, credit recovery support was provided to an additional 8 students allowing them the opportunity to graduate from River Falls High School.

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

SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS

RFPME program operated by RFSD. The annual budget is established by the RFSD Board of Education. Expenditures totaled \$940,531. RFSD provides the licensed teaching staff for the RFPME at a cost of \$911,017 and an annual discretionary allocation per student for students enrolled as of the Third Friday of September of \$29,514. There were 187 students enrolled in this school. RFPME operates under the policies and procedures established by the RFSD Board of Education.

Renaissance Alternative High School is operated by RFSD. The annual budget is established by the RFSD Board of Education. Expenditures totaled \$456,812. RFSD provides the licensed teaching staff for the RFPME at a cost of \$446,955 and an annual discretionary allocation per student for students enrolled as of the Third Friday of September of \$9,857. There were 60 student enrolled in this school. Renaissance Alternative High School operates under the policies and procedures established by the RFSD Board of Education.

SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS (OPTIONAL)

None.

SECTION VI: AUTHORIZER OPERATING COSTS

Renaissance Charter Academy

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$ 11,167
EMPLOYEE BENEFITS	200	3,671
TOTAL		\$ 14,838

Montessori School

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$ 35,650
EMPLOYEE BENEFITS	200	11,719
TOTAL		\$ 47,369

SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS

Renaissance Charter Academy

SERVICES PROVIDED	FUNCTION CODE	COST
ADMINISTRATION	140	\$ 713
TOTAL		\$ 713

Montessori School

SERVICES PROVIDED	FUNCTION CODE	COST
ADMINISTRATION	140	\$ 2,277
TOTAL		\$ 2,277

SINGLE AUDIT SECTION

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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) 7/1/2018	Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) 6/30/2019	
<u>U.S. Department of Agriculture</u>								
Wisconsin Department of Public Instruction:								
Child Nutrition Cluster:								
School Breakfast Program	10.553	*	WI DPI	2019-474893-SB-546	\$ 961	\$ 47,974	\$ 47,561	\$ 1,374
Cash in Lieu of Commodities	10.555	*	WI DPI	2018-474893-NSL-547	38,494	61,456	99,950	-
National School Lunch Program	10.555	*	WI DPI	2019-474893-NSL-547	7,100	377,436	374,857	9,679
NSL Snack Program	10.555	*	WI DPI	2019-474893-NSL-Snacks-561	45	3,249	3,223	71
Total Child Nutrition Cluster					46,600	490,115	525,591	11,124
<u>U.S. Department of Education</u>								
Wisconsin Department of Public Instruction:								
ESEA Title I-A Basic Grant	84.010		WI DPI	2019-474893-TIA-141	230,585	223,451	454,036	-
Special Education Cluster:								
IDEA Flow Through	84.027	*	WI DPI	2019-474893-IDEA-FT-341	571,000	660,386	571,000	660,386
IDEA Preschool Entitlement	84.173	*	WI DPI	2019-474893-IDEA-PS-347	14,182	14,971	29,153	-
Total Special Education Cluster					585,182	675,357	600,153	660,386
ESEA Title II-A Teacher and Principal Training and Recruiting Fund	84.367		WI DPI	2019-474893-TIIA-365	63,081	55,110	118,191	-
ESEA - Title IV-A Student Support Academic Enrichment Grant	84.424		WI DPI	2019-474893-TIVA-381	9,296	15,768	9,296	15,768
Cooperative Educational Service Agency No. 11:								
ESEA Title III-A English Language Acquisition	84.365A		WI DPI, CESA #11	2019-749911-Immigrant-371	3,567	3,166	3,567	3,166
Total Department of Education					891,711	972,852	1,185,243	679,320
<u>U.S. Department of Health and Human Services</u>								
Wisconsin Department of Health Services:								
Medical Assistance Program	93.778		WI DHS	44230700	18,444	167,713	152,331	33,826
Total Federal Program Awards					\$ 956,755	\$ 1,630,680	\$ 1,863,165	\$ 724,270

* Tested as a Federal Major Program

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

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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) 7/1/2018	Expenditures	State Reimburse- ments	Accrued Receivable (Unearned Revenue) 6/30/2019
<u>Wisconsin Department of Public Instruction</u>						
Major State Programs:						
General Equalization	255.201	474893-116	\$ 270,418	\$ 16,685,706	\$ 16,677,080	\$ 279,044
Per Pupil Adjustment Aid	255.925	474893-113	-	2,121,576	2,121,576	-
Total Major Programs			270,418	18,807,282	18,798,656	279,044
Nonmajor State Programs:						
Handicapped Pupils and School Age Parents:	255.101	[1] 474893-101	-	988,476	988,476	-
State Lunch	255.102	474893-107	-	15,237	15,237	-
Common School Fund	255.103	474893-104	-	131,236	131,236	-
Pupil Transportation	255.107	474893-102	-	78,828	78,828	-
Morning Milk Program	255.109	474893-109	-	3,681	3,681	-
Special Education Transition Readiness Grant	255.257	474893-174	-	41,477	41,477	-
Personal Electronic Computing Device	255.296	474893-175	-	29,125	29,125	-
School Breakfast Program	255.344	474893-108	-	3,678	3,678	-
Educator Effectiveness Grant	255.940	474893-154	-	19,440	19,440	-
Career and Technical Education Incentive Grant	255.950	474893-152	-	33,000	33,000	-
Assessments of Reading Readiness Grant	255.956	474893-166	-	6,113	6,113	-
Robotics Lead Participation Grant	255.959	474893-167	-	2,187	2,187	-
Aid for Special Education Transition Grant	255.960	474893-168	-	15,000	15,000	-
Total Nonmajor Programs			-	1,367,478	1,367,478	-
<u>Wisconsin Department of Justice</u>						
Major State Program:						
School Safety Grant	455.206	SSI-13474 & 14069	-	304,475	122,075	182,400
Total State Financial Assistance			\$ 270,418	\$ 20,479,235	\$ 20,288,209	\$ 461,444

[1] District's 2018-19 Aidable Costs Reported to DPI Totaled \$3,954,061.

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

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
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. School District of River Falls has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 MEDICAL ASSISTANCE

Expenditures presented for the Medical 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 5 FEDERAL AWARDS TO SUB-RECIPIENTS

The District did not pass through any federal awards to sub-recipients in the current year.



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

Board of Education
School District of River Falls
River Falls, 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 School District of River Falls, 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 21, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

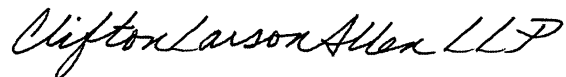
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

School District of River Fall's Response to Findings

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

Hudson, Wisconsin
November 21, 2019



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

Board of Education
School District of River Falls
River Falls, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited School District of River Falls, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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 Major Federal and State Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that are appropriate in the circumstances could have a direct and material effect on each federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. 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

Hudson, Wisconsin
November 21, 2019

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

PART I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:		
* Material weakness(es) identified?		None Noted
* Significant deficiency(es) identified?		None Noted

Type of auditors' report issued on compliance for major federal programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?		None Noted

Identification of major Federal program(s):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	X
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**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

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

State Awards

Internal control over major programs:	Yes	No
* Material weakness(es) identified?		None Noted
* Significant deficiency(es) identified?		None Noted

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

Any audit findings disclosed that are required to be reported in accordance with *Wisconsin Public School District Audit Manual*? None Noted

Identification of major State program(s):

State ID Number(s)	Name of State Program or Cluster
255.201	General Equalization Aids
255.925	Per Pupil Adjustment

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

Auditee qualified as low-risk auditee? X

Other Issues

1. Does 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 *Wisconsin Public School District Audit Manual*:

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 letter? No



4. Name and signature of Principal Brock J. Geyen, CPA

5. Date of Report November 21, 2019

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, 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 Accounting Principles Generally Accepted in the United States of America (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 GAAP.

Condition: The District does not have an internal control policy or procedures 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 Superintendent is the official responsible for ensuring corrective action of the deficiency.

**SCHOOL DISTRICT OF RIVER FALLS
RIVER FALLS, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

**PART III: FINDINGS RELATED TO COMPLIANCE WITH DEPARTMENT OF INSTRUCTION
GUIDELINES**

None.

PART IV: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS:

None.

PART V: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS:

None.