

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019**

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2019**

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	4
STATEMENT OF ACTIVITIES	5
BALANCE SHEET – GOVERNMENTAL FUNDS	6
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL FUNDS	7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS	8
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	9
STATEMENT OF NET POSITION – FIDUCIARY FUNDS	10
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS	11
NOTES TO BASIC FINANCIAL STATEMENTS	12

**REQUIRED SUPPLEMENTARY INFORMATION**

COMBINED BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	39
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN LIABILITY (ASSET) – LAST TEN FISCAL YEARS	40
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO WISCONSIN RETIREMENT SYSTEM PENSION PLAN – LAST TEN FISCAL YEARS	41
SCHEDULE OF CHANGES IN THE DISTRICT'S SINGLE EMPLOYER OPEB LIABILITY AND RELATED RATIOS – LAST TEN FISCAL YEARS	42
SCHEDULE OF CHANGES IN THE DISTRICT'S SINGLE EMPLOYER PENSION LIABILITY AND RELATED RATIOS – LAST TEN FISCAL YEARS	43
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	44

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

COMBINING BUDGETARY COMPARISON SCHEDULE – FUND 10 AND FUND 27	45
BUDGETARY COMPARISON SCHEDULE – FUND 10	46
BUDGETARY COMPARISON SCHEDULE – FUND 27	47
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	49

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**SUPPLEMENTARY INFORMATION (CONTINUED)**

**COMBINING AND INDIVIDUAL FUND STATEMENTS (CONTINUED)**

COMBINING BALANCE SHEET - DEBT SERVICE FUND	50
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND	51
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND CHANGE IN BALANCES - STUDENT ACTIVITY FUND	52
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT	53

**OTHER SCHEDULES**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	55
SCHEDULE OF STATE FINANCIAL ASSISTANCE	56

**OTHER REPORTS**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	57
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE	59
STATUS OF PRIOR YEAR FINDINGS	61
SCHEDULE OF FINDINGS	62

**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 opinions.

### **Opinions**

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

### **Other Matters**

#### ***Required Supplementary Information***

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

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

#### ***Supplementary and Other 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 listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, and are not a required part of the basic financial statements.

The individual and combining fund statements, the charter school authorization annual report, sections VI and VII only, and the schedules of expenditures of federal awards and 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.

Board of Education  
St. Croix Central School District

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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 District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Hudson, Wisconsin  
November 8, 2019

## **BASIC FINANCIAL STATEMENTS**



**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 3,996,259
Taxes Receivable	2,137,549
Accounts Receivable	34,392
Due from Other Governments	415,450
Capital Assets:	
Capital Assets Not Being Depreciated	239,961
Capital Assets Being Depreciated	72,338,098
Accumulated Depreciation	<u>(20,541,041)</u>
Total Assets	<u>58,620,668</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Other Supplemental Pension Benefits Related	6,500
Other Postemployment Benefits Related	389,978
Wisconsin Retirement System Pension Related	5,709,477
Deferred Loss on Refunding	<u>205,208</u>
Total Deferred Outflows of Resources	<u>6,311,163</u>
<b>LIABILITIES</b>	
Accounts Payable	138,641
Accrued Interest Payable	307,630
Accrued Salaries and Wages	1,388,741
Payroll Taxes and Withholdings	443,344
Unearned Revenue	14,929
Long-Term Liabilities:	
Amounts Due Within One Year	2,953,454
Amounts Due In More than One Year	31,377,562
Wisconsin Retirement System Net Pension Plan Liability	2,193,495
Other Post-Employment Benefits Liability	1,351,464
Other Supplemental Pension Benefits Liability	<u>211,450</u>
Total Liabilities	<u>40,380,710</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Wisconsin Retirement System Pension Related	3,043,090
Other Post-Employment Benefits Related	16,263
Other Supplemental Pension Benefits Related	<u>7,154</u>
Total Deferred Inflows of Resources	<u>3,066,507</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	17,986,210
Restricted for:	
Debt Service	320,106
Capital Projects	132
Education Trust	111,193
Food Service	253,936
Community Service	310,877
Unrestricted	<u>2,502,160</u>
Total Net Position	<u>\$ 21,484,614</u>

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
<b>Primary Government:</b>				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 10,505,994	\$ 1,599,352	\$ 147,449	\$ (8,759,193)
Vocational Instruction	515,561	93,570	22,185	(399,806)
Special Instruction	373,535	33,495	769,717	429,677
Other Instruction	862,997	292,028	6,913	(564,056)
Total Instruction	12,258,087	2,018,445	946,264	(9,293,378)
Support Services:				
Pupil Services	913,708	1,956	88,741	(823,011)
Instructional Staff Services	1,165,260	2,500	180,682	(982,078)
General Administration Services	273,794	-	-	(273,794)
Building Administration Services	1,245,819	-	-	(1,245,819)
Business Services	547,982	-	-	(547,982)
Operation and Maintenance of Plant	2,556,205	36,517	37,657	(2,482,031)
Pupil Transportation Services	666,260	15,486	60,792	(589,982)
Food Service	653,476	466,512	238,620	51,656
Central Services	307,584	-	-	(307,584)
Insurance and Judgments	189,376	-	-	(189,376)
Interest and Fiscal Fees	963,565	-	-	(963,565)
Other Support Services	752,469	-	8,579	(743,890)
Community Services	347,224	396,362	10,371	59,509
Depreciation - Unallocated *	1,098,825	-	-	(1,098,825)
Total Support Services	11,681,547	919,333	625,442	(10,136,772)
Total Primary Government	\$ 23,939,634	\$ 2,937,778	\$ 1,571,706	(19,430,150)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				3,187,680
Property Taxes, Levied for Debt Purposes				3,555,515
Property Taxes, Levied for Community Service Purposes				70,000
State and Federal Aids Not Restricted to Specific Functions:				
General				11,669,161
Other				1,122,441
Interest and Investment Earnings				52,566
Miscellaneous				141,855
Total General Revenues				19,799,218
<b>Change in Net Position</b>				369,068
Net Position - Beginning of Year				21,115,546
<b>Net Position - End of Year</b>				<b>\$ 21,484,614</b>

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

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and Investments	\$ 2,698,004	\$ 627,736	\$ 80	\$ 670,439	\$ 3,996,259
Taxes Receivable	2,137,549	-	-	-	2,137,549
Accounts Receivable	18,223	-	-	16,169	34,392
Due from Other Governments	411,071	-	-	4,379	415,450
	<u>\$ 5,264,847</u>	<u>\$ 627,736</u>	<u>\$ 80</u>	<u>\$ 690,987</u>	<u>\$ 6,583,650</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 138,641	\$ -	\$ -	\$ -	\$ 138,641
Accrued Salaries and Wages	1,388,741	-	-	-	1,388,741
Payroll Taxes and Withholdings	443,344	-	-	-	443,344
Unearned Revenue	-	-	-	14,929	14,929
Total Liabilities	<u>1,970,726</u>	<u>-</u>	<u>-</u>	<u>14,929</u>	<u>1,985,655</u>
<b>Fund Balances:</b>					
Restricted	-	627,736	80	676,058	1,303,874
Unassigned	3,294,121	-	-	-	3,294,121
Total Fund Balances	<u>3,294,121</u>	<u>627,736</u>	<u>80</u>	<u>676,058</u>	<u>4,597,995</u>
Total Liabilities and Fund Balances	<u>\$ 5,264,847</u>	<u>\$ 627,736</u>	<u>\$ 80</u>	<u>\$ 690,987</u>	<u>\$ 6,583,650</u>

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL FUNDS  
JUNE 30, 2019**

**Total Fund Balances - Governmental Funds** **\$ 4,597,995**

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	\$ 72,578,059	
Accumulated Depreciation	<u>(20,541,041)</u>	52,037,018

Wisconsin Retirement System (WRS) Pension Plan:

The District's Net Pension Plan Asset (Liability) and related deferred inflows and outflows are recorded only on the Statement of Net Position.

Balances at year-end are:

Net WRS Pension Plan Asset (Liability)	(2,193,495)	
Deferred Outflows of Resources - WRS Pension Related	5,709,477	
Deferred Inflows of Resources - WRS Pension Related	<u>(3,043,090)</u>	472,892

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

General Obligation Bonds Payable	(31,465,000)	
General Obligation Notes Payable	(2,215,863)	
Capital Leases Payable	(36,166)	
Other Post-Employment Benefits Payable	(1,351,464)	
Supplemental Pension Plan Benefits Payable	(211,450)	
Deferred Outflows of Resources - OPEB Related	389,978	
Deferred Outflows of Resources - Supplemental Pension Related	6,500	
Deferred Inflows of Resources - OPEB Related	(16,263)	
Deferred Inflows of Resources - Supplemental Pension Related	(7,154)	
Accrued Interest Payable	<u>(307,630)</u>	(35,214,512)

Debt discounts and premiums 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		(613,987)
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Deferred amounts from refunding debt due to the difference between the reacquisition price required to pay refunded debt and the net carrying amount of the refunded debt

205,208

**Net Position of Governmental Activities** **\$ 21,484,614**

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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
<b>REVENUES</b>					
Local Sources:					
Property Taxes	\$ 3,177,785	\$ 3,555,515	\$ -	\$ 70,000	\$ 6,803,300
Other Local Sources	313,385	-	3,172	890,144	1,206,701
Interdistrict Sources	1,857,826	-	-	-	1,857,826
Intermediate Sources	24,481	-	-	-	24,481
State Sources	13,647,993	-	-	11,093	13,659,086
Federal Sources	448,548	-	-	227,527	676,075
Other Sources	81,233	-	-	-	81,233
Total Revenues	<u>19,551,251</u>	<u>3,555,515</u>	<u>3,172</u>	<u>1,198,764</u>	<u>24,308,702</u>
<b>EXPENDITURES</b>					
Instruction:					
Regular Instruction	10,378,586	-	-	1,444	10,380,030
Vocational Instruction	493,418	-	-	-	493,418
Special Instruction	294,143	-	-	-	294,143
Other Instruction	815,000	-	-	3,985	818,985
Support Services:					
Pupil Services	882,000	-	-	3,986	885,986
Instructional Staff Services	1,125,629	-	-	-	1,125,629
General Administration	266,699	-	-	-	266,699
School Building Administration	1,206,356	-	-	-	1,206,356
Business Services	513,642	-	-	-	513,642
Operation and Maintenance of Plant	1,727,508	-	97,732	-	1,825,240
Pupil Transportation Services	582,907	-	-	-	582,907
Food Service	-	-	-	714,374	714,374
Central Services	152,535	-	-	-	152,535
Insurance and Judgments	189,376	-	-	-	189,376
Debt Service	22,074	3,580,702	-	-	3,602,776
Other Support Services	756,609	-	-	161	756,770
Community Services	-	-	-	339,117	339,117
Total Expenditures	<u>19,406,482</u>	<u>3,580,702</u>	<u>97,732</u>	<u>1,063,067</u>	<u>24,147,983</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	144,769	(25,187)	(94,560)	135,697	160,719
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	161	161
Transfers Out	(161)	-	-	-	(161)
Net Other Financing Sources (Uses)	<u>(161)</u>	<u>-</u>	<u>-</u>	<u>161</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	144,608	(25,187)	(94,560)	135,858	160,719
Fund Balances, Beginning of Year	<u>3,149,513</u>	<u>652,923</u>	<u>94,640</u>	<u>540,200</u>	<u>4,437,276</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 3,294,121</u>	<u>\$ 627,736</u>	<u>\$ 80</u>	<u>\$ 676,058</u>	<u>\$ 4,597,995</u>

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE OF GOVERNMENT FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

**Net Change in Fund Balances - Total Governmental Funds** \$ 160,719

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	\$ 394,583	
Depreciation Expense Reported in the Statement of Activities	<u>(2,310,604)</u>	(1,916,021)

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: (5,248)

Pension and OPEB expenditures on the governmental funds are measured by current year employee contributions. Pension OPEB expense on the Statement of Activities is measured by the change in net pension asset (liability) and the related deferred inflows and outflows of resources.

Net Change in Wisconsin Retirement Pension Plan	(766,260)	
Net Change in Other Post-Employment Benefits Payable	243,862	
Net Change in Supplemental Pension Plan Benefits Payable	<u>12,805</u>	(509,593)

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: 2,570,805

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	104,606	
Net Change in Accrued Interest Payable	<u>36,631</u>	141,237

Deferred amounts from refunding debt due to the difference between the reacquisition price required to pay refunded debt and the net carrying amount of the refunded debt is amortized over the life of the related debt in the statement of activities. In the current year these amounts consist of

(72,831)

**Change in Net Position of Governmental Activities** \$ 369,068

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019**

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Investments	\$ 19,810	\$ 227,939
<b>LIABILITIES</b>		
Due to Student Organizations	-	\$ 227,939
<b>NET POSITION</b>		
Restricted	\$ 19,810	

*See accompanying Notes to Basic Financial Statements.*

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2019**

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Local Sources:	
Gifts	\$ 17,507
<b>DEDUCTIONS</b>	
Trust Fund Disbursements	<u>11,585</u>
<b>CHANGE IN NET POSITION</b>	5,922
Net Position, Beginning of Year	<u>13,888</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 19,810</u></u>

See accompanying Notes to Basic Financial Statements.



## **NOTES TO BASIC FINANCIAL STATEMENTS**

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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 St. Croix Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

The St. Croix Central School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades K through twelve and is comprised of all or parts of 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 non-exchange transactions.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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 non-major 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 Funds** – The Private-Purpose Trust Funds are used to account for assets held by the District in a trustee capacity for individuals, private organizations and for other governmental units, including scholarship funds.

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

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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 sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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 who then makes settlement with the city, town, village and school districts before retaining any for county purposes collects second installment real estate taxes and delinquent taxes.

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

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

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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)**

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

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

**3. Inventories and Prepaid Items**

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

**4. Capital Assets**

Capital assets are reported at actual cost or estimated historical costs based on an appraisal conducted by an independent third-party appraisal firm. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

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

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

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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)**

**5. Deferred Outflows of Resources**

The District reports decreases in net position or fund balance that relate to future periods as deferred outflows of resources in a separate section of its government-wide statements of net position or governmental fund balance sheet. A deferred outflow of resources is reported in these financial statements for the unamortized loss on refunding, pension and other postemployment benefit items.

**6. Deferred Inflows of Resources**

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

**7. Supplemental Pension Plan**

Under the provisions of various employee and union contracts the District provides a supplemental retirement program whereas the District pays the retirees a stipend upon retirement if certain age and minimum years of service requirements are met. All pension costs are funded on a pay-as-you-go basis. This amount was actuarially determined.

**8. Wisconsin Retirement System Pension Benefits**

For purposes of measuring the net pension asset or liability, the deferred outflows of resources and the 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.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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)**

**9. 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.

**10. 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.

**11. Equity Classifications**

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

**Government-Wide Statements.** Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets, net of related debt 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.



**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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. Equity Classifications (Continued)**

**Fund Financial Statements (Continued).** 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 17% to 19% of General Fund expenditures.

Committed fund balance is required to be established, modified, or rescinded by resolution of the District Board prior to each year end. The District did not delegate the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's policy to use committed, assigned and finally unassigned fund balance.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

For fiscal year 2019, the expenditures exceeded the budgeted amount for expenditures as shown below:

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Vocational Curriculum	\$ 480,050	\$ 480,050	\$ 493,418	\$ (13,368)
Special Education Curriculum	174,146	174,146	234,981	(60,835)
Co-Curricular Activities	476,571	522,571	523,881	(1,310)
<b>Support Services:</b>				
Pupil Services	871,817	871,817	882,000	(10,183)
Central Services	332,798	102,798	152,535	(49,737)
Insurance and Judgments	188,727	188,727	189,376	(649)
Debt Services	21,824	21,824	22,074	(250)
Other Support Services	137,271	638,271	662,611	(24,340)
<b>Non-Program:</b>				
Other Non-Program	21,200	21,200	36,404	(15,204)

Management of the District has concluded these overages are necessary.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

All funds share in common bank and investment account. The District is required to invest its fund in accordance with Wisconsin Statutes 66.04(2) and 67.11(2).

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

Governmental Funds	\$ 3,996,259
Fiduciary Funds:	
Private Purpose Trust Funds	19,810
Agency Funds	227,939
	\$ 4,244,008

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

Deposits at Financial Institutions	\$ 4,244,008
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**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, none of the District deposits were exposed to custodial credit risk.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

**B. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 239,961	\$ -	\$ -	\$ 239,961
Capital Assets, Being Depreciated				
Land Improvements	1,492,336	14,189	-	1,506,525
Buildings and Improvements	64,910,673	29,912	(5,830)	64,934,755
Furniture and Equipment	5,620,443	350,482	(74,107)	5,896,818
Total Capital Assets, Being Depreciated	72,023,452	394,583	(79,937)	72,338,098
Accumulated Depreciation for				
Land Improvements	959,363	60,366	-	1,019,729
Buildings and Improvements	14,107,577	1,750,560	(1,482)	15,856,655
Furniture and Equipment	3,238,186	499,678	(73,207)	3,664,657
Total Accumulated Depreciation	18,305,126	2,310,604	(74,689)	20,541,041
Total Capital Assets, Being Depreciated, Net	53,718,326	(1,916,021)	(5,248)	51,797,057
Governmental Activities Capital Assets, Net	<u>\$ 53,958,287</u>	<u>\$ (1,916,021)</u>	<u>\$ (5,248)</u>	<u>\$ 52,037,018</u>

Depreciation was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular Instruction	\$ 147,104
Vocational Instruction	7,475
Special Instruction	5,197
Other Instruction	19,850
<b>Support Services:</b>	
Instructional Staff Services	14,640
General Administrative Services	60
Building Administrative Services	2,744
Business Services	14,104
Operation and Maintenance of Plant	759,836
Pupil Transportation Services	69,858
Food Service	15,255
Central Services	153,670
Community Services	2,050
<b>Unallocated Depreciation</b>	1,098,761
Total Depreciation for Governmental Activities	<u>\$ 2,310,604</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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:

Interfund Transfers

Fund Transferred To	Fund Transferred From	Amount	Purpose
Food Service Fund	General Fund	\$ 161	Write off of bad debt expense

**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:

	Balances July 1, 2018	Additions	Reductions	Balances June 30, 2019	Amounts Due Within One Year
General Obligation Debt:					
General Obligation Bonds	\$ 33,669,300	\$ -	\$ 2,204,300	\$ 31,465,000	\$ 1,225,000
General Obligation Notes	2,565,000	-	349,137	2,215,863	1,390,863
Bond Premiums	718,593	-	104,606	613,987	-
Total General Obligation Debt	36,952,893	-	2,658,043	34,294,850	2,615,863
Capital Leases	53,534	-	17,368	36,166	17,840
	<u>\$ 37,006,427</u>	<u>\$ -</u>	<u>\$ 2,675,411</u>	<u>\$ 34,331,016</u>	<u>\$ 2,633,703</u>

The District's estimated liabilities for other postemployment benefits and pension benefits are discussed in Note 4.B and Note 4.C, respectively.

**General Obligation Debt**

Individual general obligation long-term debt issues outstanding at June 30, 2019 and future principal and interest requirements for their retirement at that date were as follows:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Amount Outstanding
General Obligation Bonds:					
Refunding Bonds	4/18/12	3/1/25	2.00% - 2.60%	\$ 8,525,000	\$ 4,800,000
Refunding Bonds	3/1/13	3/1/32	2.00% - 3.00%	10,000,000	7,120,000
Refunding Bonds	3/2/15	3/1/35	3.50%	9,955,000	9,955,000
Refunding Bonds	4/1/15	3/1/30	2.00% - 3.00%	10,000,000	9,590,000
General Obligation Notes:					
Promissory Notes	2/10/10	2/1/20	1.25% - 5.00%	610,000	75,000
Promissory Notes	1/5/16	9/1/21	2.00% - 3.00%	3,995,000	1,630,000
State Trust Fund Loan	10/7/2016	3/15/20	2.50%	2,000,000	510,863
					<u>\$ 33,680,863</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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	\$ 2,615,863	\$ 964,465	\$ 3,580,328
2021	2,080,000	899,858	2,979,858
2022	1,970,000	842,308	2,812,308
2023	2,000,000	798,958	2,798,958
2024	2,040,000	754,883	2,794,883
2025-2029	9,760,000	3,036,283	12,796,283
2030-2034	10,780,000	1,565,600	12,345,600
2035	2,435,000	85,225	2,520,225
Total	<u>\$ 33,680,863</u>	<u>\$ 8,947,580</u>	<u>\$ 42,628,443</u>

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$715,734,674. The legal debt limit and margin of indebtedness as of June 30, 2019 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$715,734,674)	\$ 71,573,467
Deduct Long-Term Debt Applicable to Debt Margin	<u>33,680,863</u>
Margin of Indebtedness	<u>\$ 37,892,604</u>

**Capital Lease**

At June 30, 2019, the District had one capital lease outstanding with Santander Bank for the purchase of a passenger conventional bus. The lease agreement was dated June 20, 2016 in the amount of \$90,916. Accumulated depreciation recorded for this item is \$34,093 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	\$ 18,824
2021	18,824
Total Minimum Lease Payments	<u>37,648</u>
Less: Amount Representing Interest	1,482
Present Value Net Minimum Lease Payments	<u>\$ 36,166</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
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>Unassigned</u>
<b>Major Funds:</b>			
General Fund			
Unassigned	\$ 3,294,121	\$ -	\$ 3,294,121
Debt Service Payments	627,736	627,736	-
Capital Projects Fund	80	80	-
<b>Nonmajor Funds:</b>			
Special Revenue Funds:			
Education Trust Fund	111,193	111,193	-
Food Service Program	253,936	253,936	-
Community Services Programs	310,877	310,877	-
Capital Projects Fund:			
Capital Improvement Trust Fund	52	52	-
Subtotal Nonmajor Funds	<u>676,058</u>	<u>676,058</u>	<u>-</u>
Total Governmental Funds Balances at June 30, 2019	<u>\$ 4,597,995</u>	<u>\$ 1,303,874</u>	<u>\$ 3,294,121</u>

**F. Temporary Notes Payable**

The District maintains a line of credit, secured by taxes and other revenues, with Citizens State Bank to be used for cash flow purposes. The District renewed their line of credit on March 18, 2019 with a maximum draw limit of \$600,000. The renewed line of credit accrues interest at 4.0 percent and expired on June 18, 2019. Interest expense on short-term borrowing for the year totaled \$400. Notes outstanding at year-end include:

	<u>Issue Date</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Balance June 30, 2019</u>
Short-Term Notes Payable:				
Promissory Note	3/18/2019	4.0%	6/18/2019	\$ -

Activity during the year is summarized as follows:

Beginning Balance	\$ -
Draws	600,000
Repayments	<u>(600,000)</u>
Ending Balance	<u>\$ -</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION**

**A. Wisconsin Retirement System Pension Plan Benefits**

**General Information about the Pension Plan**

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

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

*Benefits Provided.* Employees who retire at or after age 65 (54 for protective 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.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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)**

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

<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

*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 of July 1, 2018 through June 30, 2019, the WRS recognized \$694,169 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%



**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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**

At June 30, 2019, the District reported a liability of \$2,193,495 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2018, the District's proportion was 0.06165510 percent, which was an increase of 0.00289694 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,461,735. 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	\$ 1,708,400	\$ (3,019,837)
Changes of Assumptions	369,743	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,203,449	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	(23,253)
District Contributions Subsequent to the Measurement Date	427,885	-
Total	<u>\$ 5,709,477</u>	<u>\$ (3,043,090)</u>

\$427,885 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2020.

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

Year Ended June 30:	Pension Expense Amount
2020	\$ 803,640
2021	201,208
2022	356,561
2023	877,095
2024	-
Thereafter	-

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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%
Salary Increases:	3.1% to 8.6% including inflation
Inflation:	3.0%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments:	1.9%*

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Starting with 2015, this item includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

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, 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.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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%
Global Equities	49%	5.5%	N/A	N/A
Fixed Income	25%	1.5%	N/A	N/A
Inflation Sensitive Assets	16%	1.3%	N/A	N/A
Real Estate	9%	3.9%	N/A	N/A
Private Equity/Debt	8%	6.7%	N/A	N/A
Multi-Asset	4%	4.1%	N/A	N/A
Cash	-10%	0.9%	N/A	N/A
Totals	<u>100%</u>		<u>100%</u>	

*Discount rate.* A single discount rate of 7.0 percent was used to measure the total pension liability, as opposed to a discount rate of 7.2 percent the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.0 percent and a municipal bond rate of 3.71 percent. Because of the unique structure of WRS, the 7.0 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine the 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.

ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, 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 7.0 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) 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)	\$ 8,717,179	\$ 2,193,495	\$ (2,657,370)

*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. Single-Employer Other Postemployment Benefits (OPEB)**

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

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Single-Employer Other Postemployment Benefits (OPEB) (Continued)**

***Plan description***

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

***Benefits provided***

Administrators: At least age 40 with 5 years or more of service as of July 1, 2017; age 55 with a minimum of 15 years of service. The District will make annual contributions of \$3,000 into an HRA on behalf of the retiree for a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on the District's group medical plan.

Teachers: At least age 55 with a minimum of 15 years of service:

Tier 1: Retired at the end of the 2016-17 fiscal year. The District will make annual contributions of \$14,509 into an HRA on behalf of the retiree for a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on the District's group medical plan.

Tier 2: At least age 50 with 15 or more years of service as of July 1, 2017. The District will make annual contributions of \$9,000 into an HRA on behalf of the retiree for a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on the District's group medical plan.

Tier 3: At least age 47 with 5 or more years of service as of July 1, 2017. The District will make annual contributions of \$6,000 into an HRA on behalf of the retiree for a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on the District's group medical plan.

Tier 4: At least age 40 with 5 or more years of service as of July 1, 2017. The District will make annual contributions of \$3,000 into an HRA on behalf of the retiree for a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on the District's group medical plan.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Single-Employer Other Postemployment Benefits (OPEB) (Continued)**

***Benefits provided (Continued)***

12-Month Support Staff: 10 years of continuous service in the District.

Terminating employment prior to July 1, 2017 and support staff at least age 40 with 5 years of service as of July 1, 2017: Eligible retirees will receive an HRA equal to \$3,000 paid out in \$500 installments over a period of 6 years. Eligible retirees with a minimum of 20 years of service will receive an HRA equal to \$500 per year of service paid out over a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on the District's group medical plan.

At least age 47 with 5 years of service and terminating employment on or after July 1, 2017: Minimum of 10 years of service: Eligible retirees will receive an HRA equal to \$6,000 paid out in \$1,000 installments over a period of 6 years. Minimum of 20 years of service: Eligible retirees will receive an HRA equal to \$1,000 per year of service paid out over a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on the District's group medical plan.

Note: 12-Month support staff includes those classified as 12-Month secretaries, business manager, bookkeeper, administrative assistant, network administrator, buildings & grounds supervisor, human resources/bookkeeper and transportation supervisor.

Housekeeper, Housekeeping Supervisor, Custodians and Computer Tech: 10 years of continuous service in the District.

Minimum of 10 Years of Service: Eligible retirees will receive an HRA equal to \$3,000 paid out in \$500 installments over a period of 6 years. Minimum of 20 years of service: Eligible retirees will receive an HRA equal to \$500 per year over a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on 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	13
Inactive plan members entitled to but not yet receiving benefit payments	8
Active plan members	241
	262
	262

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Single-Employer Other Postemployment Benefits (OPEB) (Continued)**

***Actuarial Assumptions***

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

Salary Increases:	3.0%
Plan Participation of Future Retirees	70.0%
Discount Rate:	3.75%
	7.5% decreasing by .50% per year down to 6.50%, then by .10 per year down to 5.0%, and level thereafter
Healthcare Cost Trend Rates	

A discount rate of 3.75 percent was used in calculating the District's OPEB liabilities and is based on the Bond Buyer 20-Year AA Bond Index published by the Federal Reserve as the week of the measurement date.

Differences between expected and actual experience resulted in an increase in the total OPEB liability. Changes of assumption or other inputs also resulted in an increase in the total OPEB liability. These changes included an updated assumed discount rate, updated age-graded factors used to determine implicit rate subsidy, and an additional retiree self-pay assumption. The increase in deferred outflow of resources from these two sources is be recognized over the average of the expected remaining service lives of active and inactive plan members. The Plan has an average expected remaining service life of 13 years.

Mortality assumptions are based on the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale.

***Changes in the Total OPEB Liability***

	Total OPEB Liability (a)
<b>Balances at June 30, 2017</b>	\$ 1,522,294
<b>Changes for the year:</b>	
Service Cost	18,252
Interest	47,996
Differences Between Expected and Actual Experience	79,320
Changes of Assumptions or Other Input	3,801
Benefit Payments	(320,199)
<b>Net Changes</b>	<u>(170,830)</u>
<b>Balances at June 30, 2018</b>	<u>\$ 1,351,464</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Single-Employer Other Postemployment Benefits (OPEB) (Continued)**

***Sensitivity of the total OPEB liability to changes in the discount rate***

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

		1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB Liability	6/30/18	<u>\$ 1,397,419</u>	<u>\$ 1,351,464</u>	<u>\$ 1,307,251</u>

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

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

		1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	6/30/18	<u>\$ 1,331,212</u>	<u>\$ 1,351,464</u>	<u>\$ 1,374,547</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 \$69,389. At June 30, 2019, the District reported the following deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 73,218	\$ -
Changes of Assumptions or Other Input	3,509	(16,263)
Benefit Payments Made Subsequent to the Measurement Date	313,251	-
Total	<u>\$ 389,978</u>	<u>\$ (16,263)</u>

\$313,251 reported as deferred outflows of resources related to OPEB resulting from District benefit payments made subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2020.



**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Single-Employer Other Postemployment Benefits (OPEB) (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>
2019	\$ 3,141
2020	3,141
2021	3,141
2022	3,143
2023	3,143
Thereafter	44,757

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**C. Single-Employer Supplemental Pension Plan**

In connection with the adoption of Governmental Accounting Standards Board (GASB) Statement No. 73, the District engaged an actuary to determine the District's liability for its supplemental pension plan.

***Plan description***

The St. Croix Central School District provides eligible teachers that are not enrolled in the District's group medical plan during their last year of employment with contributions into a 403(b) rather than an HRA. The amount and duration of these contributions are the same as if they were to receive HRA contributions. Further, 9-month support staff are eligible for a lump sum cash payout in the amount of \$2,000 upon their retirement.

As of June 30, 2018, employees covered by the Plan are as follows:

Active plan members	113
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***Benefits provided***

Commencing with the 2016-17 school year, the District shall provide eligible administrators, teachers and 12-month support staff with contributions in the amount of 1.5 percent of the employee's salary. These contributions will be made into a District approved 403(b) plan.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Single-Employer Supplemental Pension Plan (Continued)**

***Total Pension Liability***

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

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

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

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation and has a measurement date as of June 30, 2018. At June 30, 2018, the District reported a total pension liability of \$211,450. Changes in the District's total pension liability were as follows:

	Total Pension Liability (a)
Total Pension Liability - June 30, 2017	\$ 228,398
Changes for the Year:	
Service Cost	17,154
Interest	8,133
Benefit Payments	(9,224)
Differences Between Expected and Actual Experience	(30,798)
Changes of Assumptions of Other Input	(2,213)
Net Changes	(16,948)
Total Pension Liability - June 30, 2018	\$ 211,450

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Supplemental Pension Plan (Continued)**

***Pension Costs***

For the year ended June 30, 2019, the District recognized pension expense of \$21,413. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (27,718)
Changes of Assumptions or Other Input	-	(7,154)
District Payment of Benefits Subsequent to the Measurement Date	6,500	-
Total	<u>\$ 6,500</u>	<u>\$ (34,872)</u>

\$6,500 reported as deferred outflows of resources related to OPEB resulting from District payment of benefits subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2020.

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

Year Ended June 30:	Pension Expense Amount
2019	\$ (3,874)
2020	(3,874)
2021	(3,874)
2022	(3,874)
2023	(3,874)
Thereafter	(15,502)

***Actuarial assumptions***

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

Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal (Level Percent of Salary)
Discount Rate:	3.75%
Salary Increases:	3.50%
Retirement Age:	In the 2018 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality:	In the 2018 actuarial valuation, assumed life expectancies were based on the Wisconsin Projected Experience Table for Men and Women.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Supplemental Pension Plan (Continued)**

***Discount rate***

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

Differences between expected and actual experience resulted in an increase in the total pension liability. Changes of assumption or other inputs also resulted in a decrease in the total pension liability mainly due to an updated assumed discount rate. The increase in deferred outflow of resources from these two sources is recognized over the average of the expected remaining service lives of active and inactive plan members. The Plan has an average expected remaining service life of 10 years.

***Total Pension Liability Sensitivity***

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

		1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total Pension Liability	6/30/18	\$ 221,875	\$ 211,450	\$ 201,382

**D. Limitation on School District Revenues**

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

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

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

**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. Settled claims have not exceeded this commercial coverage in any of the past three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
COMBINED BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 3,177,785	\$ 3,177,785	\$ 3,177,785	\$ -
Other Local Sources	255,800	285,800	313,385	27,585
Interdistrict Sources	1,829,338	1,854,338	1,857,826	3,488
Intermediate Sources	10,250	10,250	24,481	14,231
State Sources	13,612,175	13,687,175	13,647,993	(39,182)
Federal Sources	417,657	427,657	448,548	20,891
Other Sources	45,000	45,000	81,233	36,233
Total Revenues	<u>19,348,005</u>	<u>19,488,005</u>	<u>19,551,251</u>	<u>63,246</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Undifferentiated Curriculum	5,582,346	5,522,346	5,441,537	80,809
Regular Curriculum	4,325,650	4,003,650	3,999,743	3,907
Vocational Curriculum	480,050	480,050	493,418	(13,368)
Physical Curriculum	296,310	296,310	291,119	5,191
Special Education Curriculum	174,146	174,146	234,981	(60,835)
Co-Curricular Activities	476,571	522,571	523,881	(1,310)
Other Special Needs	31,011	31,011	30,546	465
Total Instruction	<u>11,366,084</u>	<u>11,030,084</u>	<u>11,015,225</u>	<u>14,859</u>
<b>Support Services:</b>				
Pupil Services	871,817	871,817	882,000	(10,183)
Instructional Staff Services	999,262	1,149,262	1,125,629	23,633
General Administration	270,366	270,366	266,699	3,667
School Building Administration	1,212,291	1,212,291	1,206,356	5,935
Business Administration	2,829,058	2,884,058	2,881,651	2,407
Central Services	332,798	102,798	152,535	(49,737)
Insurance and Judgments	188,727	188,727	189,376	(649)
Debt Services	21,824	21,824	22,074	(250)
Other Support Services	137,271	638,271	662,611	(24,340)
Total Support Services	<u>6,863,414</u>	<u>7,339,414</u>	<u>7,388,931</u>	<u>(49,517)</u>
<b>Non-Program:</b>				
Purchased Instructional Services	972,307	972,307	965,922	6,385
Other Non-Program	21,200	21,200	36,404	(15,204)
Total Non-Program	<u>993,507</u>	<u>993,507</u>	<u>1,002,326</u>	<u>(8,819)</u>
Total Expenditures	<u>19,223,005</u>	<u>19,363,005</u>	<u>19,406,482</u>	<u>(43,477)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	125,000	125,000	144,769	19,769
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(161)	(161)
<b>NET CHANGE IN FUND BALANCE</b>	125,000	125,000	144,608	19,608
Fund Balance, Beginning of Year	<u>3,149,513</u>	<u>3,149,513</u>	<u>3,149,513</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,274,513</u>	<u>\$ 3,274,513</u>	<u>\$ 3,294,121</u>	<u>\$ 19,608</u>

See accompanying Notes to Required Supplementary Information

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF  
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN LIABILITY (ASSET)  
LAST TEN MEASUREMENT PERIODS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	Measurement Date, December 31,				
	2014	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	0.05554143%	0.05650133%	0.05713123%	0.05875816%	0.06165510%
District's proportionate share of the net pension liability (asset)	\$ (1,364,249)	\$ 918,136	\$ 470,898	\$ (1,744,599)	\$ 2,193,495
District's covered payroll	7,885,283	8,034,165	8,303,698	8,435,197	9,682,346
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-17.30%	11.43%	5.67%	-20.68%	22.65%
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 at 12/31 that occurred within the fiscal year.

See accompanying Notes to Required Supplementary Information

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

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 552,388	\$ 554,192	\$ 567,216	\$ 652,322	\$ 694,169
Contributions in Relation to the Contractually Required Contributions	(552,388)	(554,192)	(567,216)	(652,322)	(694,169)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,034,165	\$ 8,303,698	\$ 8,435,197	\$ 9,682,346	\$ 10,506,988
Contributions as a Percentage of Covered Payroll	6.88%	6.67%	6.72%	6.74%	6.61%

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

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



**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF CHANGES IN THE DISTRICT'S SINGLE EMPLOYER OPEB  
LIABILITY AND RELATED RATIOS  
LAST TEN MEASUREMENT PERIODS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: June 30,	2016	2017	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 19,732	\$ 19,732	\$ 18,252
Interest	70,879	51,691	47,996
Differences Between Expected and Actual Experience	-	-	79,320
Changes of Assumptions	-	(22,769)	3,801
Benefit Payments	(981,374)	(479,048)	(320,199)
<b>Net Change in Total OPEB Liability</b>	(890,763)	(430,394)	(170,830)
<b>Total OPEB Liability - Beginning</b>	2,843,451	1,952,688	1,522,294
<b>Total OPEB Liability - Ending (a)</b>	\$ 1,952,688	\$ 1,522,294	\$ 1,351,464
<b>Covered Employee Payroll</b>	\$ 2,078,901	\$ 2,078,901	\$ 10,064,849
<b>District's Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	93.93%	73.23%	13.43%

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

*Changes of Assumptions.* The discount rate was changed from 3.5% to 3.75%.

**Note:**

No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF CHANGES IN THE DISTRICT'S SINGLE EMPLOYER PENSION  
LIABILITY AND RELATED RATIOS  
LAST TEN MEASUREMENT PERIODS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: June 30,	2016	2017	2018
<b><u>Total Pension Liability</u></b>			
Service Cost	\$ 18,237	\$ 18,237	\$ 17,154
Interest	7,239	6,756	8,133
Benefit Payments	(70,378)	(12,750)	(9,224)
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	(30,798)
Changes of Assumptions	-	(6,308)	(2,213)
Net Change in Total Pension Liability	(44,902)	5,935	(16,948)
<b>Total Pension Liability - Beginning</b>	267,365	222,463	228,398
<b>Total Pension Liability - Ending (a)</b>	\$ 222,463	\$ 228,398	\$ 211,450
 Covered Employee Payroll	 \$ 2,481,107	 \$ 2,481,107	 \$ 3,428,284
 Net Pension Liability as a Percentage of Covered Employee Payroll	 8.97%	 9.21%	 6.17%

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

*Changes of Assumptions.* The discount rate was changed from 3.5% to 3.75%.

**Note:**

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

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

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2019**

**BUDGETARY INFORMATION**

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

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

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

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

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

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES**

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 fund are shown in that schedule.

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
COMBINING BUDGETARY COMPARISON SCHEDULE  
FUND 10 AND FUND 27  
JUNE 30, 2019**

	Original Budgets				Final Budgets				Actuals			
	Fund 10	Fund 27	Elimination	Totals	Fund 10	Fund 27	Elimination	Totals	Fund 10	Fund 27	Elimination	Totals
	General	Special	Adjustments		General	Special	Adjustments		General	Special	Adjustments	
Fund	Education Fund			Fund	Education Fund			Fund	Education Fund			
<b>REVENUES</b>												
Local Sources:												
Property Taxes	\$ 3,177,785	\$ -	\$ -	\$ 3,177,785	\$ 3,177,785	\$ -	\$ -	\$ 3,177,785	\$ 3,177,785	\$ -	\$ -	\$ 3,177,785
Other Local Sources	255,200	600	-	255,800	285,200	600	-	285,800	312,058	1,327	-	313,385
Interdistrict Sources	1,784,338	45,000	-	1,829,338	1,809,338	45,000	-	1,854,338	1,816,045	41,781	-	1,857,826
Intermediate Sources	5,250	5,000	-	10,250	5,250	5,000	-	10,250	16,018	8,463	-	24,481
State Sources	12,947,175	665,000	-	13,612,175	13,022,175	665,000	-	13,687,175	13,035,384	612,609	-	13,647,993
Federal Sources	84,155	333,502	-	417,657	94,155	333,502	-	427,657	104,872	343,676	-	448,548
Other Sources	45,000	-	-	45,000	45,000	-	-	45,000	78,922	2,311	-	81,233
Total Revenues	18,298,903	1,049,102	-	19,348,005	18,438,903	1,049,102	-	19,488,005	18,541,084	1,010,167	-	19,551,251
<b>EXPENDITURES</b>												
<b>Instruction:</b>												
Undifferentiated Curriculum	3,453,018	2,129,328	-	5,582,346	3,393,018	2,129,328	-	5,522,346	3,412,356	2,029,181	-	5,441,537
Regular Curriculum	4,325,650	-	-	4,325,650	4,003,650	-	-	4,003,650	3,999,743	-	-	3,999,743
Vocational Curriculum	480,050	-	-	480,050	480,050	-	-	480,050	493,418	-	-	493,418
Physical Curriculum	296,310	-	-	296,310	296,310	-	-	296,310	291,119	-	-	291,119
Special Education Curriculum	-	174,146	-	174,146	-	174,146	-	174,146	-	234,981	-	234,981
Co-Curricular Activities	476,571	-	-	476,571	522,571	-	-	522,571	523,881	-	-	523,881
Other Special Needs	31,011	-	-	31,011	31,011	-	-	31,011	30,546	-	-	30,546
Total Instruction	9,062,610	2,303,474	-	11,366,084	8,726,610	2,303,474	-	11,030,084	8,751,063	2,264,162	-	11,015,225
<b>Support Services:</b>												
Pupil Services	598,717	273,100	-	871,817	598,717	273,100	-	871,817	602,845	279,155	-	882,000
Instructional Staff Services	755,343	243,919	-	999,262	905,343	243,919	-	1,149,262	904,959	220,670	-	1,125,629
General Administration	270,366	-	-	270,366	270,366	-	-	270,366	266,699	-	-	266,699
School Building Administration	1,212,291	-	-	1,212,291	1,212,291	-	-	1,212,291	1,206,356	-	-	1,206,356
Business Administration	2,772,129	56,929	-	2,829,058	2,827,129	56,929	-	2,884,058	2,829,939	51,712	-	2,881,651
Central Services	332,798	-	-	332,798	102,798	-	-	102,798	152,535	-	-	152,535
Insurance and Judgments	188,727	-	-	188,727	188,727	-	-	188,727	189,376	-	-	189,376
Debt Services	3,000	18,824	-	21,824	3,000	18,824	-	21,824	3,250	18,824	-	22,074
Other Support Services	137,271	-	-	137,271	638,271	-	-	638,271	662,611	-	-	662,611
Total Support Services	6,270,642	592,772	-	6,863,414	6,746,642	592,772	-	7,339,414	6,818,570	570,361	-	7,388,931
<b>Non-Program:</b>												
Purchased Instructional Services	940,360	31,947	-	972,307	940,360	31,947	-	972,307	937,306	28,616	-	965,922
Other Non-Program	10,000	11,200	-	21,200	10,000	11,200	-	21,200	25,942	10,462	-	36,404
Total Non-Program	950,360	43,147	-	993,507	950,360	43,147	-	993,507	963,248	39,078	-	1,002,326
Total Expenditures	16,283,612	2,939,393	-	19,223,005	16,423,612	2,939,393	-	19,363,005	16,532,881	2,873,601	-	19,406,482
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,015,291	(1,890,291)	-	125,000	2,015,291	(1,890,291)	-	125,000	2,008,203	(1,863,434)	-	144,769
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers In	-	1,890,291	(1,890,291)	-	-	1,890,291	(1,890,291)	-	-	1,863,434	(1,863,434)	-
Transfers Out	(1,890,291)	-	1,890,291	-	(1,890,291)	-	1,890,291	-	(1,863,595)	-	1,863,434	(161)
Total Other Financing Sources (Uses)	(1,890,291)	1,890,291	-	-	(1,890,291)	1,890,291	-	-	(1,863,595)	1,863,434	-	(161)
<b>NET CHANGE IN FUND BALANCE</b>	125,000	-	-	125,000	125,000	-	-	125,000	144,608	-	-	144,608
Fund Balance, Beginning of Year	3,149,513	-	-	3,149,513	3,149,513	-	-	3,149,513	3,149,513	-	-	3,149,513
<b>FUND BALANCE, END OF YEAR</b>	\$ 3,274,513	\$ -	\$ -	\$ 3,274,513	\$ 3,274,513	\$ -	\$ -	\$ 3,274,513	\$ 3,294,121	\$ -	\$ -	\$ 3,294,121

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
FUND 10  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 3,177,785	\$ 3,177,785	\$ 3,177,785	\$ -
Other Local Sources	255,200	285,200	312,058	26,858
Interdistrict Sources	1,784,338	1,809,338	1,816,045	6,707
Intermediate Sources	5,250	5,250	16,018	10,768
State Sources	12,947,175	13,022,175	13,035,384	13,209
Federal Sources	84,155	94,155	104,872	10,717
Other Sources	45,000	45,000	78,922	33,922
Total Revenues	<u>18,298,903</u>	<u>18,438,903</u>	<u>18,541,084</u>	<u>102,181</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Undifferentiated Curriculum	3,453,018	3,393,018	3,412,356	(19,338)
Regular Curriculum	4,325,650	4,003,650	3,999,743	3,907
Vocational Curriculum	480,050	480,050	493,418	(13,368)
Physical Curriculum	296,310	296,310	291,119	5,191
Co-Curricular Activities	476,571	522,571	523,881	(1,310)
Other Special Needs	31,011	31,011	30,546	465
Total Instruction	<u>9,062,610</u>	<u>8,726,610</u>	<u>8,751,063</u>	<u>(24,453)</u>
<b>Support Services:</b>				
Pupil Services	598,717	598,717	602,845	(4,128)
Instructional Staff Services	755,343	905,343	904,959	384
General Administration	270,366	270,366	266,699	3,667
School Building Administration	1,212,291	1,212,291	1,206,356	5,935
Business Administration	2,772,129	2,827,129	2,829,939	(2,810)
Central Services	332,798	102,798	152,535	(49,737)
Insurance and Judgments	188,727	188,727	189,376	(649)
Debt Services	3,000	3,000	3,250	(250)
Other Support Services	137,271	638,271	662,611	(24,340)
Total Support Services	<u>6,270,642</u>	<u>6,746,642</u>	<u>6,818,570</u>	<u>(71,928)</u>
<b>Non-Program:</b>				
Purchased Instructional Services	940,360	940,360	937,306	3,054
Other Non-Program	10,000	10,000	25,942	(15,942)
Total Non-Program	<u>950,360</u>	<u>950,360</u>	<u>963,248</u>	<u>(12,888)</u>
Total Expenditures	<u>16,283,612</u>	<u>16,423,612</u>	<u>16,532,881</u>	<u>(109,269)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	2,015,291	2,015,291	2,008,203	(7,088)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1,890,291)	(1,890,291)	(1,863,595)	26,696
<b>NET CHANGE IN FUND BALANCE</b>	125,000	125,000	144,608	19,608
Fund Balance, Beginning of Year	<u>3,149,513</u>	<u>3,149,513</u>	<u>3,149,513</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,274,513</u>	<u>\$ 3,274,513</u>	<u>\$ 3,294,121</u>	<u>\$ 19,608</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
FUND 27  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Local Sources:				
Other Local Sources	\$ 600	\$ 600	\$ 1,327	\$ 727
Interdistrict Sources	45,000	45,000	41,781	(3,219)
Intermediate Sources	5,000	5,000	8,463	3,463
State Sources	665,000	665,000	612,609	(52,391)
Federal Sources	333,502	333,502	343,676	10,174
Other Sources	-	-	2,311	2,311
Total Revenues	<u>1,049,102</u>	<u>1,049,102</u>	<u>1,010,167</u>	<u>(38,935)</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Undifferentiated Curriculum	2,129,328	2,129,328	2,029,181	100,147
Special Education Curriculum	174,146	174,146	234,981	(60,835)
Total Instruction	<u>2,303,474</u>	<u>2,303,474</u>	<u>2,264,162</u>	<u>39,312</u>
<b>Support Services:</b>				
Pupil Services	273,100	273,100	279,155	(6,055)
Instructional Staff Services	243,919	243,919	220,670	23,249
Business Administration	56,929	56,929	51,712	5,217
Debt Service	18,824	18,824	18,824	-
Total Support Services	<u>592,772</u>	<u>592,772</u>	<u>570,361</u>	<u>22,411</u>
<b>Non-Program:</b>				
Purchased Instructional Services	31,947	31,947	28,616	3,331
Other Non-Program	11,200	11,200	10,462	738
Total Non-Program	<u>43,147</u>	<u>43,147</u>	<u>39,078</u>	<u>4,069</u>
Total Expenditures	<u>2,939,393</u>	<u>2,939,393</u>	<u>2,873,601</u>	<u>65,792</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,890,291)	(1,890,291)	(1,863,434)	26,857
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>1,890,291</u>	<u>1,890,291</u>	<u>1,863,434</u>	<u>(26,857)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	Special Revenue Funds			Capital Improvement Trust Fund	Total Nonmajor Governmental Funds
	Education Trust	Food Service	Community Services		
<b>ASSETS</b>					
Cash and Investments	\$ 111,193	\$ 264,486	\$ 294,708	\$ 52	\$ 670,439
Accounts Receivable	-	-	16,169	-	16,169
Due from Other Governments	-	4,379	-	-	4,379
 Total Assets	 <u>\$ 111,193</u>	 <u>\$ 268,865</u>	 <u>\$ 310,877</u>	 <u>\$ 52</u>	 <u>\$ 690,987</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Unearned Revenue	\$ -	\$ 14,929	\$ -	\$ -	\$ 14,929
 <b>Fund Balances:</b>					
Restricted	<u>111,193</u>	<u>253,936</u>	<u>310,877</u>	<u>52</u>	<u>676,058</u>
 Total Liabilities and Fund Balances	 <u>\$ 111,193</u>	 <u>\$ 268,865</u>	 <u>\$ 310,877</u>	 <u>\$ 52</u>	 <u>\$ 690,987</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			Capital Improvement	Total Nonmajor
	Education Trust	Food Service	Community Services	Trust Fund	Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Property Taxes	\$ -	\$ -	\$ 70,000	\$ -	\$ 70,000
Other Local Sources	16,898	466,512	406,733	1	890,144
State Sources	-	11,093	-	-	11,093
Federal Sources	-	227,527	-	-	227,527
Total Revenues	<u>16,898</u>	<u>705,132</u>	<u>476,733</u>	<u>1</u>	<u>1,198,764</u>
<b>EXPENDITURES</b>					
Instruction:					
Regular Instruction	1,444	-	-	-	1,444
Other Instruction	3,985	-	-	-	3,985
Support Services:					
Pupil Services	3,986	-	-	-	3,986
Food Service	-	714,374	-	-	714,374
Other Support Services	-	161	-	-	161
Community Services	-	-	339,117	-	339,117
Total Expenditures	<u>9,415</u>	<u>714,535</u>	<u>339,117</u>	<u>-</u>	<u>1,063,067</u>
<b>NET CHANGE IN FUND BALANCES</b>	7,483	(9,242)	137,616	1	135,858
Fund Balances, Beginning of Year	<u>103,710</u>	<u>263,178</u>	<u>173,261</u>	<u>51</u>	<u>540,200</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 111,193</u>	<u>\$ 253,936</u>	<u>\$ 310,877</u>	<u>\$ 52</u>	<u>\$ 676,058</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
COMBINING BALANCE SHEET  
DEBT SERVICE FUND  
JUNE 30, 2019**

	Referendum Debt Service	Non-Referendum Debt Service	Total
<b>ASSETS</b>			
Cash and Investments	\$ 511,106	\$ 116,630	\$ 627,736
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>	\$ -	\$ -	\$ -
<b>Fund Balances:</b>			
Restricted	511,106	116,630	627,736
Total Liabilities and Fund Balances	\$ 511,106	\$ 116,630	\$ 627,736

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2019**

	Referendum Debt Service	Non-Referendum Debt Service	Total
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 2,303,145	\$ 1,252,370	\$ 3,555,515
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	1,510,000	1,043,437	2,553,437
Interest	811,870	215,395	1,027,265
Total Expenditures	2,321,870	1,258,832	3,580,702
<b>NET CHANGE IN FUND BALANCES</b>	(18,725)	(6,462)	(25,187)
Fund Balances, Beginning of Year	529,831	123,092	652,923
<b>FUND BALANCES, END OF YEAR</b>	\$ 511,106	\$ 116,630	\$ 627,736

**ST. CROIX CENTRAL SCHOOL DISTRICT**  
**HAMMOND, WISCONSIN**  
**STUDENT ACTIVITY FUND**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**AND CHANGE IN BALANCES**  
**YEAR ENDED JUNE 30, 2019**

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2019</u>
<b>ASSETS</b>				
Cash and Investments	<u>\$ 226,700</u>	<u>\$ 363,004</u>	<u>\$ 361,765</u>	<u>\$ 227,939</u>
<b>LIABILITIES</b>				
Due to Student Organizations	<u>\$ 226,700</u>	<u>\$ 363,004</u>	<u>\$ 361,765</u>	<u>\$ 227,939</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2019**

**SECTION I: AUTHORIZER INFORMATION**

Authorizing Entity: St. Croix Central School District  
Authorizer Address: 915 Davis Street, Hammond, WI 54015  
Authorizer Contact Person: Tim Widiker  
Contact Person Title: Virtual Education Principal  
Contact Person Phone: 715-796-4500 ext. 3380  
Contact Person Email: [twidiker@scc.k12.wi.us](mailto:twidiker@scc.k12.wi.us)

**SECTION II: CHARTER SCHOOL INFORMATION**

**Charter Schools Currently Under Contract:**

<b>School Name:</b>	<b>Contract Start Date:</b>	<b>Contract Expiration Date:</b>	<b>Grades Served:</b>
St. Croix Valley Academy of Virtual Education	3/3/2014	1/20/2019	4K-12
St. Croix Valley Academy of Virtual Education	1/3/2019	1/3/2024	4K-12

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

For the 2018-19 school year, any students returning to St. Croix Valley Academy of Virtual Education (SCVAVE) will maintain current levels or show growth in their ratings on the state exams along with showing adequate progress on their online coursework for the year. The SCVAVE measured the progress of students returning to the school by comparing their ratings on the 2017-18 Forward exam and ACT Aspire to the ratings on the 2018-19 Forward exam and ACT Aspire. We also looked at the progress the students made on their online coursework through the past 12 months. There were two students that were assessed by the Forward assessment over the past two years. One student remained proficient but her score increased, and the other remained in below basic but showed growth. Both students completed all coursework at a satisfactory level. There were three students assessed by the Aspire exam over the past two years. All three students showed improvement in the ELA area. There were two students that were assessed by the Aspire assessment for math over the past two years. Both students increased from basic to proficient. Both students completed all coursework at a satisfactory level. There were three students assessed by the Aspire assessment and all three dropped a few points. We will have to look over what happened in this area to make a determination for the future and assign ACT prep for these students.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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

St. Croix Valley Academy of Virtual Education is a virtual charter school contracted through the St. Croix Central School District. The annual budget is established by the Governance Council in conjunction with the St. Croix Central School District Business Office. The budget is established by estimating the number of students expected to open enrolled into the virtual charter school. With an estimated enrollment of 150 students, a budget was adopted in the amount of \$421,880.00. At year end, revenues for the program in the 2018-19 school year totaled \$1,032,443.35 with expenditures totaling \$363,061.95. The difference between the total revenue and expenditures for the district resulted in a margin of \$669,381.40. This amount was used to offset other district expenditures.

**SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS (OPTIONAL)**

None.

**SECTION VI: AUTHORIZER OPERATING COSTS**

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$ 6,537
EMPLOYEE BENEFITS	200	3,469
<b>TOTAL</b>		<b>\$ 10,006</b>

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

SERVICES PROVIDED	FUNCTION CODE	COST
REGULAR CURRICULUM	120000	\$ 84,560
SPECIAL EDUCATION	150000	51,558
GUIDANCE	213000	33,223
INSTRUCTION RELATED TECHNOLOGY	221500	33,604
BUILDING ADMINISTRATION	240000	113,314
OTHER SERVICES		36,797
<b>TOTAL</b>		<b>\$ 353,056</b>

## **OTHER SCHEDULES**



**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>U.S. Department of Agriculture</u>							
Wisconsin Department of Public Instruction:							
Child Nutrition Cluster:							
School Breakfast Program	10.553	WI DPI	2019-552422-SB-546	\$ 116	\$ 30,774	\$ 30,059	\$ 831
USDA Non-cash Commodities Program	10.555	WI DPI	A001-00000-552422	-	46,730	46,730	-
National School Lunch Program	10.555	WI DPI	2019-552422-NSL-547	2,965	150,023	149,440	3,548
Total Department of Agriculture				<u>3,081</u>	<u>227,527</u>	<u>226,229</u>	<u>4,379</u>
<u>U.S. Department of Education</u>							
Wisconsin Department of Public Instruction:							
ESEA Title I-A Basic Grant	84.010	WI DPI	2019-552422-TIA-141	43,855	59,654	103,509	-
Special Education Cluster:							
IDEA Flow Through	84.027	WI DPI	2019-552422-IDEA-FT-341	123,779	271,624	237,088	158,315
High Cost Special Education Aid	84.027	WI DPI	2019-552422-IDEA-FT-341	-	8,874	8,874	-
IDEA Preschool Entitlement	84.173	WI DPI	2019-552422-IDEA-PS-347	-	5,204	5,204	-
Total Special Education Cluster				<u>123,779</u>	<u>285,702</u>	<u>251,166</u>	<u>158,315</u>
ESEA Title II-A Teacher and Principal Training and Recruiting Fund	84.367	WI DPI	2019-552422-Title IIA-365	-	23,735	9,609	14,126
ESEA Title IV-A Student Support and Academic and Enrichment Grant	84.424	WI DPI	2019-552422-TIVA-381	5,023	14,435	5,023	14,435
Total Department of Education				<u>172,657</u>	<u>383,526</u>	<u>369,307</u>	<u>186,876</u>
<u>U.S. Department of Health and Human Services</u>							
Wisconsin Department of Health Services:							
Medical Assistance Program:	93.778	WI DHS	44230700	-	64,022	56,458	7,564
Total Federal Program Awards				<u>\$ 175,738</u>	<u>\$ 675,075</u>	<u>\$ 651,994</u>	<u>\$ 198,819</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2019**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Grant ID Number	Accrued Receivable (Unearned Revenue July 1, 2018)	Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue June 30, 2019)
<u>Wisconsin Department of Public Instruction</u>						
Entitlement Programs:						
Major State Programs:						
General Equalization	255.201	[2] 552422-116	\$ 195,750	\$ 11,669,161	\$ 11,665,585	\$ 199,326
Nonmajor State Programs:						
Handicapped Pupils and School Age Parents:	255.101	[1] 552422-116	-	579,415	579,415	-
Internal District Programs			-	6,409	6,409	-
Participant in Package Program at CESA No. 11			-	7,463	7,463	-
Total Handicapped Program			-	593,287	593,287	-
State School Lunch Aid	255.102	552422-107	-	8,108	8,108	-
Common School Fund	255.103	552422-104	-	57,598	57,598	-
Pupil Transportation	255.107	552422-102	-	59,217	59,217	-
Morning Milk Program	255.115	552422-109	-	219	219	-
High Cost Special Education Aid	255.210	552422-114	-	33,194	33,194	-
Personal Electronic Computing Device	255.296	552422-175	-	13,750	13,750	-
School Breakfast Program	255.344	552422-108	-	2,766	2,766	-
Per Pupil Adjustment Aid	255.925	552422-113	-	1,032,666	1,032,666	-
Educator Effectiveness Evaluation Systems Grant	255.940	552422-154	-	10,160	10,160	-
Career and Technical Education Incentive Grants	255.950	552422-152	-	18,000	18,000	-
Assessments of Reading Readiness Grant	255.956	552422-166	-	3,139	3,139	-
Special Education Transition Incentive Grant	255.960	552422-174	-	1,000	1,000	-
Peer Review and Mentoring Grant	255.301	552422-141	6,118	2,903	6,118	2,903
<u>Wisconsin Department of Justice</u>						
School Safety Grant	445.206	2018-SSI-01-13666	-	64,582	55,119	9,463
Total Nonmajor Programs			6,118	1,900,589	1,894,341	12,366
Total State Financial Assistance			<u>\$ 201,868</u>	<u>\$ 13,569,750</u>	<u>\$ 13,559,926</u>	<u>\$ 211,692</u>

[1] District's 2018-19 Aidable Costs Reported to DPI Totaled \$2,490,059.

## OTHER REPORTS



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

Board of Education  
St. Croix Central School District  
Hammond, Wisconsin

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Croix Central School District (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 8, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

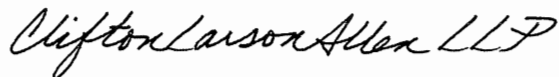
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

### **St. Croix Central School District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Hudson, Wisconsin  
November 8, 2019



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

Board of Education  
St. Croix Central School District  
Hammond, Wisconsin

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major State Programs***

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

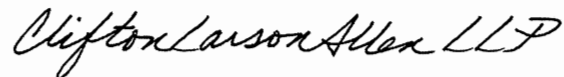
### **Report on Internal Control Over Compliance**

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

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

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

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



**CliftonLarsonAllen LLP**

Hudson, Wisconsin  
November 8, 2019

ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
STATUS OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2019

**2018-001**

**SEE CURRENT YEAR FINDING 2019-001.**

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

**A. MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS**

**None.**

**B. STATE GENERAL REQUIREMENTS**

**None.**



**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019**

**PART 1: 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 reported
Noncompliance material to financial statements noted:		X

**State Awards**

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

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

Any audit findings disclosed that are required to be reported in accordance with the *Wisconsin Public School District Audit Manual*? X

Identification of major State program(s):

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

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

Auditee qualified as low-risk auditee? X

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**PART 1: SUMMARY OF AUDITOR'S RESULTS (CONTINUED)**

**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 <i>Wisconsin Public School District Audit Manual</i> :<br><br>Department of Public Instruction<br>Department of Health Services | No<br>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 8, 2019    |

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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

**FINDING: 2019-001 Limited Segregation of Duties**

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

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Findings**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

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

**Official Responsible for Ensuring CAP:**

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

**Planned Completion Date for CAP:**

The CAP is ongoing.

**Plan to Monitor Completion of CAP:**

The School Board will be monitoring this corrective action plan.

**Compensating Controls and Mitigating Factors:**

The cash disbursements process includes approval of the disbursement by the business manager and approval of each voucher and coding by the accounting department. The payroll disbursements process includes board approval of all contracts and hourly wage rates, supervisor approval of timesheets, and review of coding by payroll personnel. In addition to the above, administration and the board monitor budget to actual reports on a regular basis in order to identify unusual variances or activities.

**ST. CROIX CENTRAL SCHOOL DISTRICT  
HAMMOND, WISCONSIN  
SCHEDULE OF FINDINGS (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 STATE FINANCIAL ASSISTANCE PROGRAMS:**

None.