

**SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

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TURTLE LAKE, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

Board of Education
School District of Turtle Lake
Turtle Lake, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Turtle Lake, Wisconsin (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

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

Supplementary 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 sections VI and VII only, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

The charter school authorization annual report, sections I through V, 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 10, 2019 on our consideration of District's internal control over financial reporting and of our tests on its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Hudson, Wisconsin
November 10, 2019

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,030,541
Taxes Receivable	1,858,807
Accounts Receivable	789
Due from Other Governments	107,606
Capital Assets:	
Capital Assets Not Being Depreciated	185,041
Capital Assets Being Depreciated	11,175,271
Accumulated Depreciation	(6,258,140)
Total Assets	8,099,915
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	1,660,596
LIABILITIES	
Accounts Payable	126,515
Other Current Liabilities	665
Accrued Interest Payable	10,628
Accrued Salaries and Wages	262,793
Payroll Taxes and Withholdings	288,883
Unearned Revenue	3,544
Long-Term Liabilities:	
Amounts Due Within One Year	161,988
Amounts Due In More than One Year	560,376
Wisconsin Retirement System Net Pension Plan Liability	639,326
Total Liabilities	2,054,718
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	889,272
NET POSITION	
Net Investment in Capital Assets	4,476,669
Restricted for:	
Debt Service	230,163
Capital Projects	248,336
Education Trust	105,183
Food Service	100,064
Community Services	53,649
Unrestricted	1,602,457
Total Net Position	\$ 6,816,521

See accompanying Notes to Basic Financial Statements.

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

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges For Services	Operating Grants and Contributions	Total Governmental Activities	
Primary Government:				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 3,379,491	\$ 479,002	\$ 266,047	\$ (2,634,442)
Vocational Instruction	219,750	46,783	3,202	(169,765)
Special Instruction	481,912	-	107,330	(374,582)
Other Instruction	360,626	51,440	5,000	(304,186)
Total Instruction	4,441,779	577,225	381,579	(3,482,975)
Support Services:				
Pupil Services	161,773	-	15,939	(145,834)
Instructional Staff Services	258,902	-	186,203	(72,699)
General Administration Services	312,297	-	-	(312,297)
Building Administration Services	354,262	-	-	(354,262)
Business Services	100,071	-	-	(100,071)
Operation and Maintenance of Plant	853,001	13,738	73,193	(766,070)
Pupil Transportation Services	289,943	1,035	26,479	(262,429)
Food Service	246,503	84,719	191,113	29,329
Central Services	71,657	-	542	(71,115)
Insurance and Judgments	70,105	-	-	(70,105)
Interest and Fiscal Fees	29,281	-	-	(29,281)
Other Support Services	58,795	-	28,926	(29,869)
Community Services	31,591	10,901	-	(20,690)
Total Support Services	2,838,181	110,393	522,395	(2,205,393)
Total Primary Government	\$ 7,279,960	\$ 687,618	\$ 903,974	(5,688,368)
GENERAL REVENUES				
Taxes:				
				4,371,247
				707,498
				38,000
				2,658
State and Federal Aids Not Restricted to Specific Functions:				
				740,234
				554,912
				28,990
				120,971
				6,564,510
CHANGE IN NET POSITION				876,142
Net Position - Beginning of Year				5,940,379
NET POSITION - END OF YEAR				\$ 6,816,521

See accompanying Notes to Basic Financial Statements.

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 210,010	\$ 240,909	\$ 183,027	\$ 396,595	\$ 1,030,541
Taxes Receivable	1,858,807	-	-	-	1,858,807
Accounts Receivable	778	-	-	11	789
Due from Other Governments	90,740	-	-	16,866	107,606
	<u>\$ 2,160,335</u>	<u>\$ 240,909</u>	<u>\$ 183,027</u>	<u>\$ 413,472</u>	<u>\$ 2,997,743</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 42,400	\$ -	46,604	\$ 37,511	\$ 126,515
Accrued Salaries and Wages	262,406	-	-	387	262,793
Payroll Taxes and Withholdings	287,662	-	-	1,221	288,883
Other Current Liabilities	-	665	-	-	665
Unearned Revenues	-	-	-	3,544	3,544
Total Liabilities	<u>592,468</u>	<u>665</u>	<u>46,604</u>	<u>42,663</u>	<u>682,400</u>
FUND BALANCES					
Restricted	-	240,244	136,423	370,809	747,476
Unassigned	1,567,867	-	-	-	1,567,867
Total Fund Balances	<u>1,567,867</u>	<u>240,244</u>	<u>136,423</u>	<u>370,809</u>	<u>2,315,343</u>
Total Liabilities and Fund Balances	<u>\$ 2,160,335</u>	<u>\$ 240,909</u>	<u>\$ 183,027</u>	<u>\$ 413,472</u>	<u>\$ 2,997,743</u>

See accompanying Notes to Basic Financial Statements.

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

Total Fund Balances - Governmental Funds \$ 2,315,343

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	\$ 11,360,312	
Accumulated Depreciation	<u>(6,258,140)</u>	
		5,102,172

Wisconsin Retirement System Pension Plan:

The District's net pension plan (liability) asset and related deferred inflows and outflows are recorded only on the Statement of Net Position.

Balances at year-end are:

Net Pension Plan (Liability) Asset	(639,326)	
Deferred Outflows of Resources - Pension Related	1,660,596	
Deferred Inflows of Resources - Pension Related	<u>(889,272)</u>	
		131,998

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

General Obligation Debt	602,350	
Capital Leases Payable	23,153	
Accrued Interest Payable on Long-Term Debt	10,628	
Vested Employee Benefits	<u>96,861</u>	
		<u>(732,992)</u>

Net Position of Governmental Activities \$ 6,816,521

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
REVENUES					
Local Sources:					
Property Taxes	\$ 4,371,247	\$ 707,498	\$ -	\$ 38,000	\$ 5,116,745
Other Local Sources	63,951	3,137	3,994	186,824	257,906
Interdistrict Sources	527,691	-	-	-	527,691
Intermediate Sources	30,949	-	-	-	30,949
State Sources	1,735,274	-	-	6,219	1,741,493
Federal Sources	269,077	-	-	184,894	453,971
Other Sources	27,325	-	-	22	27,347
Total Revenues	<u>7,025,514</u>	<u>710,635</u>	<u>3,994</u>	<u>415,959</u>	<u>8,156,102</u>
EXPENDITURES					
Instruction:					
Regular Instruction	3,292,770	-	-	8,386	3,301,156
Vocational Instruction	200,070	-	-	2,960	203,030
Special Instruction	459,925	-	-	-	459,925
Other Instruction	300,194	-	-	38,656	338,850
Support Services:					
Pupil Services	147,380	-	-	12,763	160,143
Instructional Staff Services	252,604	-	-	-	252,604
General Administration	301,513	-	-	1,334	302,847
School Building Administration	337,782	-	-	-	337,782
Business Services	95,711	-	-	-	95,711
Operation and Maintenance of Plant	829,111	-	131,613	3,668	964,392
Pupil Transportation Services	282,196	-	-	1,605	283,801
Food Service	-	-	-	244,386	244,386
Central Services	58,112	-	-	-	58,112
Insurance and Judgments	70,105	-	-	-	70,105
Debt Service	6,941	743,664	-	-	750,605
Other Support Services	58,795	-	-	-	58,795
Community Services	-	-	-	30,812	30,812
Total Expenditures	<u>6,693,209</u>	<u>743,664</u>	<u>131,613</u>	<u>344,570</u>	<u>7,913,056</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	332,305	(33,029)	(127,619)	71,389	243,046
OTHER FINANCING SOURCES (USES)					
Transfers In	-	211,302	-	100,000	311,302
Transfers Out	(311,302)	-	-	-	(311,302)
Net Other Financing Sources (Uses)	<u>(311,302)</u>	<u>211,302</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	21,003	178,273	(127,619)	171,389	243,046
Fund Balances - Beginning of Year	1,546,864	61,971	264,042	199,420	2,072,297
FUND BALANCES - END OF YEAR	<u>\$ 1,567,867</u>	<u>\$ 240,244</u>	<u>\$ 136,423</u>	<u>\$ 370,809</u>	<u>\$ 2,315,343</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ 243,046

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	\$ 405,403	
Depreciation Expense Reported in the Statement of Activities	<u>(323,019)</u>	82,384

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: (8,117)

Wisconsin Retirement System Pension Plan:

Pension expenses on the governmental funds are measured by current year employee contributions. Pension expenditures on the Statement of Activities are measured by the change in Net Pension (Liability) Asset and the related deferred inflows and outflows of resources.		(255,601)
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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:

709,420

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

Interest Paid During the Current Period	39,871	
Interest Accrued During the Current Period	<u>(27,967)</u>	11,904

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

Net Change in Other Postemployment Benefits Payable	90,337	
Net Change in Deferred Inflows of Resources - OPEB Related	650	
Net Change in Vested Employee Benefit Assets/Liabilities	<u>2,119</u>	93,106

Change in Net Position of Governmental Activities \$ 876,142

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

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Investments	\$ 218,601	\$ 50,086
Accounts Receivable	-	104
	218,601	\$ 50,190
LIABILITIES		
Accounts Payable	-	\$ 591
Due to Student Organizations	-	49,599
Total Liabilities	-	\$ 50,190
NET POSITION		
Restricted	\$ 218,601	

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, WISCONSIN
STATEMENT OF CHANGE IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Local Sources:	
Interest	\$ 6,958
Gifts	12,100
Total Additions	<u>19,058</u>
DEDUCTIONS	
Trust Fund Disbursements	<u>12,100</u>
CHANGE IN NET POSITION	6,958
Net Position - Beginning of Year	<u>211,643</u>
NET POSITION - END OF YEAR	<u><u>\$ 218,601</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

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

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

C. Government-Wide and Fund Financial Statements

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

Government-Wide Statements

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

The District has the following major governmental funds:

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by trust funds).

Additionally, the District reports the following fund types:

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

Agency Fund – The Agency Fund is used to account for assets held by the District as an agent for individuals, activities of student organizations are accounted for in the agency fund.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide and fiduciary trust 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. 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.

**SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, 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.

**SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, 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

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 offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. For government-wide financial statements, eliminations were made for amounts due to and due from within the same fund type.

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

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

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

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

5. Deferred Outflows of Resources

The District 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. At times, the District reports deferred outflows of resources for pension related items.

6. Deferred Inflows of Resources

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

7. Wisconsin Retirement System Pension Benefit

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. 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.

9. 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.

10. Equity Classifications

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

Government-Wide Statements

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

**SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, 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)**

10. Equity Classifications (Continued)

Fund Financial Statements

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. It is the District's policy that at the end of each fiscal year, the District will maintain unassigned portion of fund balance for cash flow of at least 15% of the general fund operating expenditure budget.

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

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

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

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

EXPENDITURES	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Instruction:				
Co-Curricular Activities	\$ 151,087	\$ 151,087	\$ 151,799	\$ (712)
Support Services:				
General Administration	300,706	300,706	301,513	(807)
Business Administration	1,201,549	1,201,549	1,213,581	(12,032)
Insurance and Judgments	69,515	69,515	70,105	(590)
Non-Program:				
Purchased Instructional Services	856,041	856,041	869,536	(13,495)

These overages were determined necessary and authorized by management.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

Assets:	
Governmental Funds:	
General Fund	\$ 210,010
Debt Service Fund	240,909
Capital Projects Fund	183,027
Other Governmental Funds	396,595
Fiduciary Funds:	
Private Purpose Trust Funds	218,601
Agency Funds	50,086
Total Cash and Investments	<u>\$ 1,299,228</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

Deposits at Financial Institutions	\$ 1,108,169
Investments in Municipal Bonds	52,597
Investments in Mutual Funds	138,362
Non-Depository Petty Cash Funds	100
	\$ 1,299,228

Deposits at Financial Institutions

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

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

The District's investments at June 30, 2019 consisted of deposits in municipal bonds, mutual funds, and exchange traded funds (ETF) of both equity and fixed income funds.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. Credit risk is the risk that an investor or other counterparty to an investment will not fulfill its obligations. As of June 30, 2019, the District's investments were as follows:

Description	Totals	Investment Maturities (in Years)				Moody's Rating
		<1	1 to 10	10 to 15	> 15	
Municipal Bonds	\$ 52,597	\$ 20,028	\$ 11,185	\$ 10,991	\$ 10,393	Aa1-A1
Mutual Funds	138,362	138,362	-	-	-	Not Rated
	<u>\$ 190,959</u>	<u>\$ 158,390</u>	<u>\$ 11,185</u>	<u>\$ 10,991</u>	<u>\$ 10,393</u>	

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2019, the investment portfolio was concentrated as follows:

Type	Amount	Percentage
Cook County IL School District GO Bonds	\$ 11,185	5.86%
IPS Multi-School Building Bonds	10,014	5.24%
Stratford CT GO Bonds	10,991	5.76%
Upper St Clair Township GO Bonds	10,014	5.24%
St Louis County MO SPL Revenue Bonds	10,393	5.44%
Capital Income Builder Mutual Fund	51,199	26.81%
Growth Fund of American Mutual Fund	18,565	9.72%
Income Fund of America Mutual Fund	60,994	31.94%
Other Mutual Funds	7,604	3.98%
	<u>\$ 190,959</u>	<u>100.00%</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value Measurements

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

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

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

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

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

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

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Municipal Bonds	\$ -	\$ 52,597	\$ -	\$ 52,597
Mutual Funds - Equities	138,362	-	-	138,362
Total Investments	<u>\$ 138,362</u>	<u>\$ 52,597</u>	<u>\$ -</u>	<u>\$ 190,959</u>

The level 2 municipal bonds are valued based on a matrix pricing model.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The District's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.E.1.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates further into the future are more sensitive to changes in market interest rates. The District does not have a concentration risk policy that would restrict the percentage of investments holding that can be in one issuer or counterparty.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 6,202	\$ -	\$ -	\$ 6,202
Construction Work in Progress	71,085	107,754	-	178,839
Total Capital Assets, Not Being Depreciated	77,287	107,754	-	185,041
Capital Assets, Being Depreciated				
Land Improvements	718,204	-	-	718,204
Buildings and Improvements	8,826,035	297,649	(41,308)	9,082,376
Furniture and Equipment	1,374,691	-	-	1,374,691
Total Capital Assets, Being Depreciated	10,918,930	297,649	(41,308)	11,175,271
Accumulated Depreciation for				
Land Improvements	475,992	15,328	-	491,320
Buildings and Improvements	4,665,214	238,296	(33,191)	4,870,319
Furniture and Equipment	827,106	69,395	-	896,501
Total Accumulated Depreciation	5,968,312	323,019	(33,191)	6,258,140
Total Capital Assets, Being Depreciated, Net	4,950,618	(25,370)	(8,117)	4,917,131
Governmental Activities Capital Assets, Net	<u>\$ 5,027,905</u>	<u>\$ 82,384</u>	<u>\$ (8,117)</u>	<u>\$ 5,102,172</u>

Depreciation was charged to governmental functions as follows:

Instruction:	
Regular Instruction	\$ 1,630
Vocational Instruction	11,187
Other Instruction	10,443
Support Services:	
Building Administrative Services	5,878
Operation and Maintenance of Plant	272,200
Pupil Transportation Services	6,142
Food Service	1,994
Central Services	13,545
Total Depreciation for Governmental Activities	<u>\$ 323,019</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

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

Interfund Transfers

Fund Transferred To	Fund Transferred From	Amount	Purpose
Debt Service Fund	General Fund	\$ 211,302	Finance Advanced Debt Service Payments
Capital Improvements Fund	General Fund	100,000	Finance Capital Costs
		<u>\$ 311,302</u>	

E. Long-Term Obligations

Changes in Long-Term Obligations

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

	Balances July 1, 2018	Additions	Reductions	Balances June 30, 2019	Amounts Due Within One Year
General Obligation Bonds	\$ 268,969	\$ -	\$ 51,371	\$ 217,598	\$ 52,965
General Obligation Notes	1,038,062	-	653,310	384,752	95,978
Bond Premiums	1,106	-	1,106	-	-
Capital Leases	27,892	-	4,739	23,153	5,126
Compensated Absences	98,980	1,213	3,332	96,861	7,919
	<u>\$ 1,435,009</u>	<u>\$ 1,213</u>	<u>\$ 713,858</u>	<u>\$ 722,364</u>	<u>\$ 161,988</u>

The District's estimated liabilities for compensated absences are discussed in Note 4.B.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

Individual general obligation long-term debt issues outstanding at June 30, 2019 were as follows:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Amount Outstanding
General Obligation Bonds:					
Qualified Zone Academy Bonds	8/20/07	8/20/22	1.54%	\$ 749,000	\$ 217,598
General Obligation Notes:					
Promissory Note	10/26/15	3/25/21	1.95%	123,712	42,393
Promissory Note	10/26/15	3/25/21	2.95%	438,614	152,359
Promissory Note	3/31/18	4/1/22	2.74% - 3.20%	400,000	190,000
					<u>\$ 602,350</u>

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	\$ 148,943	\$ 20,617	\$ 169,560
2021	152,555	17,006	169,561
2022	114,609	13,567	128,176
2023	121,243	10,291	131,534
2024	65,000	8,395	73,395
Total	<u>\$ 602,350</u>	<u>\$ 69,876</u>	<u>\$ 672,226</u>

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

Debt Limit (10% of \$538,925,844)	\$ 53,892,584
Deduct Long-Term Debt Applicable to Debt Margin	<u>602,350</u>
Margin of Indebtedness	<u>\$ 53,290,234</u>

Qualified Zone Academy Bonds

The District issued taxable general obligation zone academy bonds on August 20, 2007 in the amount of \$749,000. The Qualified Zone Academy Bond (QZAB) program provides tax credits, in lieu of interest payments, to lenders who issue bonds to eligible districts. The bond proceeds may be used to finance renovations or repair projects within eligible school districts. The District had \$217,598 of Qualified Zone Academy bonds outstanding at June 30, 2019.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Capital Lease

During 2012-13, the District entered into a lease agreement for office equipment at an original amount of \$43,563. The lease agreement was modified in 2014-15 when an additional piece of office equipment costing \$3,739 was added. During 2015-16 the lease was modified again to add two printers with a total cost of \$1,430. During 2017-18 this lease was forgiven and the District entered into a new lease for office equipment. The new lease was dated February 20, 2018 in the amount of \$29,390. Accumulated depreciation on the office equipment was \$17,634 at year-end. Future lease payments under this agreement as of June 30, 2019 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2020	\$ 6,767
2021	6,767
2022	6,767
2023	6,766
Total Minimum Lease Payments	<u>27,067</u>
Less: Amount Representing Interest	<u>3,914</u>
Present Value Net Minimum Lease Payments	<u><u>\$ 23,153</u></u>

F. Short-Term Debt

During the year, the District borrowed short-term notes payable for short term cash flow purposes. The short-term notes payable was secured by the receipt of future tax receipts of the District sufficient for payment of the note. Interest expense on short-term borrowing for the year totaled \$175.

Activity during the year is summarized as follows:

Beginning Balance	\$ -
Draws	365,000
Repayments	<u>(365,000)</u>
Ending Balance	<u><u>\$ -</u></u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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>
Major Funds:			
General Fund			
Unassigned	\$ 1,567,867	\$ -	\$ 1,567,867
Debt Service Fund	240,244	240,244	-
Capital Projects Fund	136,423	136,423	-
Nonmajor Funds:			
Special Revenue Funds:			
Education Trust	105,183	105,183	-
Food Service Fund	100,064	100,064	-
Community Services Fund	53,649	53,649	-
Capital Projects Fund:			
Capital Improvement Trust Fund	111,913	111,913	-
Subtotal Nonmajor Funds	<u>370,809</u>	<u>370,809</u>	<u>-</u>
 Total Governmental Funds Balances at June 30, 2019	 <u>\$ 2,315,343</u>	 <u>\$ 747,476</u>	 <u>\$ 1,567,867</u>

NOTE 4 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, 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.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

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.

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

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. 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 reporting period July 1, 2018 through June 30, 2019, the WRS recognized \$185,550 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

	Employee	Employer
General (including Teachers)	6.55%	6.55%

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

At June 30, 2019, the District reported a liability of \$639,326 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. The District's proportion of the net pension liability was based on 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 0.01797029%, which was a decrease 0.00009529 from its proportion measured as of December 31, 2017.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

For the year ended June 30, 2019, the District recognized pension expense of \$438,802. 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	\$ 497,938	\$ (880,176)
Changes of Assumptions	107,767	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	933,693	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	6,626	(9,096)
District Contributions Subsequent to the Measurement Date	114,572	-
Total	<u>\$ 1,660,596</u>	<u>\$ (889,272)</u>

\$114,572 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Pension Expense Amount
2020	\$ 241,243
2021	57,251
2022	102,494
2023	255,764
2024	-

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Inflation:	3.0%
Salary Increases:	3.1% to 8.6% including inflation
Mortality:	Wisconsin 2018 mortality table
Post-retirement Adjustments*:	1.9%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target	Long-Term	Target	Long-Term
Domestic Equity	N/A	N/A	70%	5.0%
International Equity	N/A	N/A	30%	5.9%
Equities	49%	5.5%	N/A	N/A
Fixed Income	24.5%	1.5%	N/A	N/A
Inflation Sensitive Assets	15.5%	1.3%	N/A	N/A
Real Estate	9%	3.9%	N/A	N/A
Private Equity/Debt	8%	6.7%	N/A	N/A
Multi-Asset	4%	4.1%	N/A	N/A
Cash	-10%	0.9%	N/A	N/A
Totals	<u>100%</u>		<u>100%</u>	

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

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,540,750	\$ 639,326	\$ (774,529)

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

B. Compensated Absences

The District's policy on allowing accumulated employee leave to vest varies between types of benefits. The District administrator and principals have vested severance pay as allowed for in their contracts. Vacation pay for the administration and staff is discretionary and is voted on a case-by-case basis by the School Board. Sick leave vests for support staff only. The employee must be with the District at least ten years for the sick leave to vest. Support staff employees are paid \$30 per day up to a maximum of ninety days when an employee leaves or retires from the District. The District's estimated liability for vacation and sick leave benefits at June 30, 2019 was \$6,706 and \$92,274, respectively. The District's general fund finances the compensated absences on a pay-as-you-go basis.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Limitation on School District Revenues

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

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

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

D. Subsequent Events

On October 21, 2019 the District approved the short-term borrowing of a tax and revenue anticipation note in an amount not to exceed \$862,274. This note bears an interest rate of 2.50% and is due on October 31, 2020. As of the date of the audit report, the District had not borrowed against this note.

E. Commitment

As of June 30, 2019 the District was committed under a construction contract related to various energy efficiency projects. The District entered into a contract with Nexus Solutions totaling \$394,889 which was financed with the issuance of long-term debt. As of June 30, 2019, \$134,790 remains to be completed and paid.

F. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Local Sources:				
Property Taxes	\$ 4,371,247	\$ 4,371,247	\$ 4,371,247	\$ -
Other Local Sources	56,143	56,143	63,951	7,808
Interdistrict Sources	564,024	564,024	527,691	(36,333)
Intermediate Sources	20,974	20,974	30,949	9,975
State Sources	1,793,094	1,793,094	1,735,274	(57,820)
Federal Sources	271,331	271,331	269,077	(2,254)
Other Sources	26,207	26,207	27,325	1,118
Total Revenues	<u>7,103,020</u>	<u>7,103,020</u>	<u>7,025,514</u>	<u>(77,506)</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	1,380,777	1,380,777	1,316,865	63,912
Regular Curriculum	1,171,115	1,171,115	1,157,692	13,423
Vocational Curriculum	203,567	203,567	200,070	3,497
Physical Curriculum	148,450	148,450	148,395	55
Special Education Curriculum	413,076	413,076	408,602	4,474
Co-Curricular Activities	151,087	151,087	151,799	(712)
Total Instruction	<u>3,468,072</u>	<u>3,468,072</u>	<u>3,383,423</u>	<u>84,649</u>
Support Services:				
Pupil Services	154,228	154,228	147,380	6,848
Instructional Staff Services	264,734	264,734	252,604	12,130
General Administration	300,706	300,706	301,513	(807)
School Building Administration	346,976	346,976	337,782	9,194
Business Administration	1,201,549	1,201,549	1,213,581	(12,032)
Central Services	66,065	66,065	58,112	7,953
Insurance and Judgments	69,515	69,515	70,105	(590)
Debt Services	7,604	7,604	6,941	663
Other Support Services	53,068	53,068	52,232	836
Total Support Services	<u>2,464,445</u>	<u>2,464,445</u>	<u>2,440,250</u>	<u>24,195</u>
Non-Program:				
Purchased Instructional Services	856,041	856,041	869,536	(13,495)
Total Expenditures	<u>6,788,558</u>	<u>6,788,558</u>	<u>6,693,209</u>	<u>95,349</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	314,462	314,462	332,305	17,843
OTHER FINANCING SOURCES (USES)				
Transfers Out	(314,512)	(314,512)	(311,302)	3,210
NET CHANGE IN FUND BALANCE	-	-	21,003	21,003
Fund Balance - Beginning of Year	1,546,864	1,546,864	1,546,864	-
FUND BALANCE - END OF YEAR	<u>\$ 1,546,864</u>	<u>\$ 1,546,864</u>	<u>\$ 1,567,867</u>	<u>\$ 21,003</u>

**SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, WISCONSIN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
WISCONSIN RETIREMENT SYSTEM NET PENSION LIABILITY (ASSET)
LAST TEN MEASUREMENT PERIODS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date as of December 31,	2014	2015	2016	2017	2018
District's proportion of the net pension liability (asset)	0.01744766%	0.01720043%	0.01758383%	0.01806558%	0.01797029%
District's proportionate share of the net pension liability (asset)	\$ (428,562)	\$ 279,504	\$ 144,933	\$ (536,388)	\$ 639,326
District's covered payroll	2,319,175	2,564,355	2,642,273	2,672,756	2,732,510
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-18.48%	10.90%	5.49%	-20.07%	23.40%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%

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

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

Year Ended as of June 30,	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 178,524	\$ 175,405	\$ 178,571	\$ 183,197	\$ 185,550
Contributions in Relation to the Contractually Required Contributions	(178,524)	(175,405)	(178,571)	(183,197)	(185,550)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,519,056	\$ 2,628,151	\$ 2,655,097	\$ 2,694,080	\$ 2,792,986
Contributions as a Percentage of Covered Payroll	7.09%	6.67%	6.73%	6.80%	6.64%

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

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

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

Budgetary Information

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

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

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

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

EXCESS OF EXPENDITURES OVER BUDGET

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

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

	Original Budgets				Final Budgets				Actuals			
	Fund 10	Fund 27	Elimination	Combined	Fund 10	Fund 27	Elimination	Combined	Fund 10	Fund 27	Elimination	Combined
	General	Special			General	Special			General	Special		
Fund	Education	Adjustments	Totals	Fund	Education	Adjustments	Totals	Fund	Education	Adjustments	Totals	
REVENUES												
Local Sources:												
Property Taxes	\$ 4,371,247	\$ -	\$ -	\$ 4,371,247	\$ 4,371,247	\$ -	\$ -	\$ 4,371,247	\$ 4,371,247	\$ -	\$ -	\$ 4,371,247
Other Local Sources	56,143	-	-	56,143	56,143	-	-	56,143	63,951	-	-	63,951
Interdistrict Sources	564,024	-	-	564,024	564,024	-	-	564,024	527,691	-	-	527,691
Intermediate Sources	20,474	500	-	20,974	20,474	500	-	20,974	30,496	453	-	30,949
State Sources	1,675,594	117,500	-	1,793,094	1,675,594	117,500	-	1,793,094	1,615,289	119,985	-	1,735,274
Federal Sources	235,900	35,431	-	271,331	235,900	35,431	-	271,331	225,804	43,273	-	269,077
Other Sources	26,207	-	-	26,207	26,207	-	-	26,207	27,325	-	-	27,325
Total Revenues	6,949,589	153,431	-	7,103,020	6,949,589	153,431	-	7,103,020	6,861,803	163,711	-	7,025,514
EXPENDITURES												
Instruction:												
Undifferentiated Curriculum	1,380,777	-	-	1,380,777	1,380,777	-	-	1,380,777	1,316,865	-	-	1,316,865
Regular Curriculum	1,171,115	-	-	1,171,115	1,171,115	-	-	1,171,115	1,157,692	-	-	1,157,692
Vocational Curriculum	203,567	-	-	203,567	203,567	-	-	203,567	200,070	-	-	200,070
Physical Curriculum	148,450	-	-	148,450	148,450	-	-	148,450	148,395	-	-	148,395
Special Education Curriculum	-	413,076	-	413,076	-	413,076	-	413,076	-	408,602	-	408,602
Co-Curricular Activities	151,087	-	-	151,087	151,087	-	-	151,087	151,799	-	-	151,799
Total Instruction	3,054,996	413,076	-	3,468,072	3,054,996	413,076	-	3,468,072	2,974,821	408,602	-	3,383,423
Support Services:												
Pupil Services	120,388	33,840	-	154,228	120,388	33,840	-	154,228	113,046	34,334	-	147,380
Instructional Staff Services	227,103	37,631	-	264,734	227,103	37,631	-	264,734	216,192	36,412	-	252,604
General Administration	300,706	-	-	300,706	300,706	-	-	300,706	301,513	-	-	301,513
School Building Administration	346,976	-	-	346,976	346,976	-	-	346,976	337,782	-	-	337,782
Business Administration	1,201,249	300	-	1,201,549	1,201,249	300	-	1,201,549	1,210,668	2,913	-	1,213,581
Central Services	66,065	-	-	66,065	66,065	-	-	66,065	58,012	100	-	58,112
Insurance and Judgments	69,515	-	-	69,515	69,515	-	-	69,515	70,105	-	-	70,105
Debt Services	7,604	-	-	7,604	7,604	-	-	7,604	6,941	-	-	6,941
Other Support Services	53,068	-	-	53,068	53,068	-	-	53,068	52,232	-	-	52,232
Total Support Services	2,392,674	71,771	-	2,464,445	2,392,674	71,771	-	2,464,445	2,366,491	73,759	-	2,440,250
Non-Program:												
Purchased Instructional Services	805,825	50,216	-	856,041	805,825	50,216	-	856,041	818,213	51,323	-	869,536
Total Expenditures	6,253,495	535,063	-	6,788,558	6,253,495	535,063	-	6,788,558	6,159,525	533,684	-	6,693,209
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	696,094	(381,632)	-	314,462	696,094	(381,632)	-	314,462	702,278	(369,973)	-	332,305
OTHER FINANCING SOURCES (USES)												
Proceeds from Sale of Capital Assets	50	-	-	50	50	-	-	50	-	-	-	-
Transfers In	-	381,632	(381,632)	-	-	381,632	(381,632)	-	-	369,973	(369,973)	-
Transfers Out	(696,144)	-	381,632	(314,512)	(696,144)	-	381,632	(314,512)	(681,275)	-	369,973	(311,302)
Total Other Financing Sources (Uses)	(696,094)	381,632	-	(314,462)	(696,094)	381,632	-	(314,462)	(681,275)	369,973	-	(311,302)
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-	21,003	-	-	21,003
Fund Balance - Beginning of Year	1,546,864	-	-	1,546,864	1,546,864	-	-	1,546,864	1,546,864	-	-	1,546,864
FUND BALANCE - END OF YEAR	\$ 1,546,864	\$ -	\$ -	\$ 1,546,864	\$ 1,546,864	\$ -	\$ -	\$ 1,546,864	\$ 1,567,867	\$ -	\$ -	\$ 1,567,867

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 4,371,247	\$ 4,371,247	\$ 4,371,247	\$ -
Other Local Sources	56,143	56,143	63,951	7,808
Interdistrict Sources	564,024	564,024	527,691	(36,333)
Intermediate Sources	20,474	20,474	30,496	10,022
State Sources	1,675,594	1,675,594	1,615,289	(60,305)
Federal Sources	235,900	235,900	225,804	(10,096)
Other Sources	26,207	26,207	27,325	1,118
Total Revenues	<u>6,949,589</u>	<u>6,949,589</u>	<u>6,861,803</u>	<u>(87,786)</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	1,380,777	1,380,777	1,316,865	63,912
Regular Curriculum	1,171,115	1,171,115	1,157,692	13,423
Vocational Curriculum	203,567	203,567	200,070	3,497
Physical Curriculum	148,450	148,450	148,395	55
Co-Curricular Activities	151,087	151,087	151,799	(712)
Total Instruction	<u>3,054,996</u>	<u>3,054,996</u>	<u>2,974,821</u>	<u>80,175</u>
Support Services:				
Pupil Services	120,388	120,388	113,046	7,342
Instructional Staff Services	227,103	227,103	216,192	10,911
General Administration	300,706	300,706	301,513	(807)
School Building Administration	346,976	346,976	337,782	9,194
Business Administration	1,201,249	1,201,249	1,210,668	(9,419)
Central Services	66,065	66,065	58,012	8,053
Insurance and Judgments	69,515	69,515	70,105	(590)
Debt Services	7,604	7,604	6,941	663
Other Support Services	53,068	53,068	52,232	836
Total Support Services	<u>2,392,674</u>	<u>2,392,674</u>	<u>2,366,491</u>	<u>26,183</u>
Non-Program:				
Purchased Instructional Services	805,825	805,825	818,213	(12,388)
Total Expenditures	<u>6,253,495</u>	<u>6,253,495</u>	<u>6,159,525</u>	<u>93,970</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>696,094</u>	<u>696,094</u>	<u>702,278</u>	<u>6,184</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	50	50	-	(50)
Transfers Out	(696,144)	(696,144)	(681,275)	14,869
Total Other Financing Sources (Uses)	<u>(696,094)</u>	<u>(696,094)</u>	<u>(681,275)</u>	<u>14,819</u>
NET CHANGE IN FUND BALANCE	-	-	21,003	21,003
Fund Balance - Beginning of Year	1,546,864	1,546,864	1,546,864	-
FUND BALANCE - END OF YEAR	<u>\$ 1,546,864</u>	<u>\$ 1,546,864</u>	<u>\$ 1,567,867</u>	<u>\$ 21,003</u>

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intermediate Sources	\$ 500	\$ 500	\$ 453	\$ (47)
State Sources	117,500	117,500	119,985	2,485
Federal Sources	35,431	35,431	43,273	7,842
Total Revenues	<u>153,431</u>	<u>153,431</u>	<u>163,711</u>	<u>10,280</u>
EXPENDITURES				
Special Education Curriculum	413,076	413,076	408,602	4,474
Support Services:				
Pupil Services	33,840	33,840	34,334	(494)
Instructional Staff Services	37,631	37,631	36,412	1,219
Business Administration	300	300	2,913	(2,613)
Central Services	-	-	100	(100)
Total Support Services	<u>71,771</u>	<u>71,771</u>	<u>73,759</u>	<u>(1,988)</u>
Non-Program:				
Purchased Instructional Services	<u>50,216</u>	<u>50,216</u>	<u>51,323</u>	<u>(1,107)</u>
Total Expenditures	<u>535,063</u>	<u>535,063</u>	<u>533,684</u>	<u>1,379</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(381,632)	(381,632)	(369,973)	11,659
OTHER FINANCING SOURCES				
Transfers In	<u>381,632</u>	<u>381,632</u>	<u>369,973</u>	<u>(11,659)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Special Revenue Funds			Fund 46 Capital Improvement Fund	Total Nonmajor Governmental Funds
	Education Trust	Food Service	Community Services		
ASSETS					
Cash and Investments	\$ 109,178	\$ 121,020	\$ 54,484	\$ 111,913	\$ 396,595
Accounts Receivable	11	-	-	-	11
Due from Other Governments	-	16,866	-	-	16,866
Total Assets	\$ 109,189	\$ 137,886	\$ 54,484	\$ 111,913	\$ 413,472
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 3,866	\$ 33,645	\$ -	\$ -	\$ 37,511
Accrued Salaries and Wages	-	387	-	-	387
Payroll Taxes and Withholdings	140	246	835	-	1,221
Unearned Revenues	-	3,544	-	-	3,544
Total Liabilities	4,006	37,822	835	-	42,663
FUND BALANCES					
Restricted	105,183	100,064	53,649	111,913	370,809
Total Liabilities and Fund Balances	\$ 109,189	\$ 137,886	\$ 54,484	\$ 111,913	\$ 413,472

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

	Special Revenue Funds			Fund 46 Capital Improvement Fund	Total Nonmajor Governmental Funds
	Education Trust	Food Service	Community Services		
REVENUES					
Local Sources:					
Property Taxes	\$ -	\$ -	\$ 38,000	\$ -	\$ 38,000
Other Local Sources	90,309	84,719	10,901	895	186,824
State Sources	-	6,219	-	-	6,219
Federal Sources	-	184,894	-	-	184,894
Other Sources	-	-	22	-	22
Total Revenues	<u>90,309</u>	<u>275,832</u>	<u>48,923</u>	<u>895</u>	<u>415,959</u>
EXPENDITURES					
Instruction:					
Regular Instruction	8,386	-	-	-	8,386
Vocational Instruction	2,960	-	-	-	2,960
Other Instruction	38,656	-	-	-	38,656
Support Services:					
Pupil Services	12,763	-	-	-	12,763
General Administration	1,334	-	-	-	1,334
Operation and Maintenance of Plant	2,179	1,489	-	-	3,668
Pupil Transportation Services	1,094	-	511	-	1,605
Food Service	-	244,386	-	-	244,386
Community Services	-	-	30,812	-	30,812
Total Expenditures	<u>67,372</u>	<u>245,875</u>	<u>31,323</u>	<u>-</u>	<u>344,570</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	22,937	29,957	17,600	895	71,389
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	100,000	100,000
NET CHANGE IN FUND BALANCES	22,937	29,957	17,600	100,895	171,389
Fund Balances - Beginning of Year	<u>82,246</u>	<u>70,107</u>	<u>36,049</u>	<u>11,018</u>	<u>199,420</u>
FUND BALANCES - END OF YEAR	<u>\$ 105,183</u>	<u>\$ 100,064</u>	<u>\$ 53,649</u>	<u>\$ 111,913</u>	<u>\$ 370,809</u>

**SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, WISCONSIN
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	<u>Referendum Debt Service</u>	<u>Non-Referendum Debt Service</u>	<u>Total</u>
ASSETS			
Cash and Investments	<u>\$ 237,768</u>	<u>\$ 3,141</u>	<u>\$ 240,909</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Other Current Liabilities	<u>\$ -</u>	<u>\$ 665</u>	<u>\$ 665</u>
FUND BALANCES			
Restricted	<u>237,768</u>	<u>2,476</u>	<u>240,244</u>
Total Liabilities and Fund Balances	<u>\$ 237,768</u>	<u>\$ 3,141</u>	<u>\$ 240,909</u>

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

	Referendum Debt Service	Non-Referendum Debt Service	Total
REVENUES			
Local Sources:			
Property Taxes	\$ 591,603	\$ 115,895	\$ 707,498
Other Local Sources	3,137	-	3,137
Total Revenues	594,740	115,895	710,635
EXPENDITURES			
Debt Service:			
Principal Retirement	401,356	303,325	704,681
Interest and Fiscal Fees	13,971	25,012	38,983
Total Expenditures	415,327	328,337	743,664
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	179,413	(212,442)	(33,029)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	211,302	211,302
NET CHANGE IN FUND BALANCES	179,413	(1,140)	178,273
Fund Balances - Beginning of Year	58,355	3,616	61,971
FUND BALANCES - END OF YEAR	\$ 237,768	\$ 2,476	\$ 240,244

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and Investments	\$ 45,990	\$ 48,064	\$ 43,968	\$ 50,086
Accounts Receivable	104	-	-	104
Total Assets	\$ 46,094	\$ 48,064	\$ 43,968	\$ 50,190
LIABILITIES				
Accounts Payable	\$ 833	\$ 591	\$ 833	\$ 591
Due to Student Organizations	45,261	47,473	43,135	49,599
Total Liabilities	\$ 46,094	\$ 48,064	\$ 43,968	\$ 50,190

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

SECTION I: AUTHORIZER INFORMATION

Authorizing Entity: School District of Turtle Lake
Authorizer Address: 205 Oak Street, Turtle Lake, WI 54889
Authorizer Contact Person: Kent Kindschy
Contact Person Title: District Administrator
Contact Person Phone: 715-986-2597
Contact Person Email: kkindschy@turtlelake.k12.wi.us

SECTION II: CHARTER SCHOOL INFORMATION

Charter Schools Currently Under Contract:

School Name:	Contract Start Date:	Contract Expiration Date:	Grades Served:
Laker OnLine	7/1/2016	5/1/2020	K-12

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOL

During the 2018-2019 school year the Laker Online Virtual Charter School served a total of 3 students in grades K-12. Each student that finished the year did make academic progress. The Charter School had performance rating of maintaining or improving performance for reading/language arts and mathematics as noted with the Alternative School Accountability report.

SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOL

The Laker Online Virtual Charter School serves students from within the district and open enrolled students. There is some movement in and out of the program throughout the year. The annual budget is approved by our Virtual Charter School board in August. We devote a budget of \$6,500 per student to the program. We include all the necessary materials, help, and technology needed for the student to succeed.

SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS

The Charter School had low numbers for 2018-19 and they are working to have a stable base of students. For a variety of reasons, students will come in mid-year and leave before the end of the year. They are working to establish consistency to ensure students maintain their education with the Lake Online Virtual Charter School.

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

SECTION VI: AUTHORIZER OPERATING COST

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$ 5,000
EMPLOYEE BENEFITS	200	383
TOTAL		\$ 5,383

SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS

SERVICES PROVIDED	FUNCTION CODE	COST
REGULAR CURRICULUM	120000	\$ 1,066
OTHER SERVICES	431000	25,771
TOTAL		\$ 26,837

OTHER SCHEDULES

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

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Expenditures	Grant Reimbursements	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	2018-035810-SB-546	\$ 165	\$ 36,227	\$ 36,392	\$ -
Food Donation	10.555	WI DPI	A001-00000-035810	-	14,506	14,506	-
National School Lunch Program	10.555	WI DPI	2018-035810-NSL-547	651	112,424	113,075	-
Summer School Lunch Program	10.559	WI DPI	2018-035810-SFSP-586	15,728	21,737	20,599	16,866
Total Child Nutrition Cluster				16,544	184,894	184,572	16,866
<u>U.S. Department of Education</u>							
Direct Grants:							
ESEA Title VI-B Rural Education Initiative: Rural and Low-Income School	84.358A	DIRECT	S358A161019	-	36,033	36,033	-
Wisconsin Department of Public Instruction:							
ESEA Title I-A Basic Grant	84.010	WI DPI	2018-035810-Title I-141	36,304	76,482	97,196	15,590
Special Education Cluster:							
IDEA Flow Through	84.027	WI DPI	2017-035810-IDEA-341	59,999	110,339	143,753	26,585
PL 99-457 (Preschool Entitlement)	84.173	WI DPI	2018-035810-Pre-S-347	-	4,958	4,958	-
Total Special Education Cluster				59,999	115,297	148,711	26,585
ESEA Title II-A Teacher and Principal Training and Recruiting Fund	84.367	WI DPI	2018-035810-Title II-365	13,867	10,380	23,145	1,102
ESEA Title IV-B Rural Education Initiative: Small Rural Schools Achievement Program	84.424	WI DPI	2018-035810-Title IV A-381	9,948	10,008	19,874	82
Total Department of Education				120,118	248,200	324,959	43,359
<u>U.S. Department of Health and Human Services</u>							
Wisconsin Department of Health and Family Services:							
School Based Services	93.778	WI DHS	44230700	-	20,877	19,382	1,495
Total Federal Program Awards				\$ 136,662	\$ 453,971	\$ 528,913	\$ 61,720

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

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	State I.D. Number	Accrued Receivable (Unearned Revenue) July 1, 2018	Expenditures	State Reimbursements	Accrued Receivable (Unearned Revenue) June 30, 2019
<u>Wisconsin Department of Public Instruction</u>						
Entitlement Programs:						
Major State Programs:						
General Equalization	255.201	255.201	\$ 9,872	\$ 740,234	\$ 736,826	\$ 13,280
Per Pupil Adjustment Aid	255.925	255.925	-	308,688	308,688	-
Total Major Programs			9,872	1,048,922	1,045,514	13,280
Nonmajor State Programs:						
Handicapped Pupils and School Age Parents:						
Internal District Programs			-	116,985	116,985	-
Participant in Package Program at CESA No. 11			-	453	453	-
Total Handicapped Program			-	117,438	117,438	-
State Lunch	255.102	255.102	-	2,750	2,750	-
Common School Fund	255.103	255.103	-	17,881	17,881	-
Pupil Transportation	255.107	255.107	-	16,825	16,825	-
Morning Milk Program	255.109	255.109	-	1,879	1,879	-
Sparsity Aid	255.212	255.212	-	196,800	196,800	-
Personal Electronic Computing Device	255.296	255.296	-	4,125	4,125	-
Peer Review and Mentoring Grant	255.301	CESA	269	-	269	-
School Breakfast Program	255.344	255.344	-	1,590	1,590	-
Achievement Gap Reduction	255.504	255.504	-	182,954	182,954	-
Educator Effectiveness Grant	255.940	255.940	-	3,760	3,760	-
Career and Technical Education Incentive Grants	255.950	255.950	-	5,000	5,000	-
Assessments of Reading Readiness	255.956	255.956	-	935	935	-
Special Education Transition Incentives Grant	255.960	255.960	-	3,000	3,000	-
Youth Apprenticeship Grant	445.107	445.107	-	3,202	-	3,202
<u>Wisconsin Department of Justice</u>						
School Safety Grant	445.206	445.206	-	73,193	58,533	14,660
Total Nonmajor Programs			269	631,332	613,739	17,862
Total State Financial Assistance			\$ 10,141	\$ 1,680,254	\$ 1,659,253	\$ 31,142

[1] District's 2018-19 Aidable Costs Reported to DPI Totaled \$479,268

OTHER REPORTS

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

Board of Education
School District of Turtle Lake
Turtle Lake, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District of Turtle Lake, Wisconsin (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings 2019-001 and 2019-002 to be material weaknesses.

Compliance and Other Matters

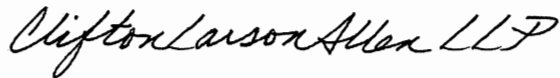
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

School District of Turtle Lake's Responses to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Hudson, Wisconsin
November 10, 2019



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

Board of Education
School District of Turtle Lake
Turtle Lake, Wisconsin

Report on Compliance for Each Major Program

We have audited the School District of Turtle Lake, 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 each major federal and state program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major and State Programs

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

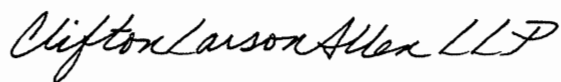
Report on Internal Control Over Compliance

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 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 an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express our 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 10, 2019

**SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, 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 rely upon the audit firm to prepare the financial statement in a format compatible with GAAP. Management will review and approve these financial statements prior to the issuance. The District Administrator is the official responsible for ensuring corrective action of the deficiency. See the related current year finding for more details.

2018-002

SEE CURRENT YEAR FINDING 2019-002.

Reason for finding's recurrence: The District reviewed its controls as it related to making journal entries and the District was able to reduce the number of audit adjustments proposed by the audit firm necessary to adjust accounts in accordance with GAAP. Management will review and approve these entries prior to recording them. The District Administrator is the official responsible for ensuring corrective action of the deficiency. See the related current year finding for more details.

2018-003

SEE CURRENT YEAR FINDING 2019-003.

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

A. MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS

None.

B. STATE GENERAL REQUIREMENTS

None.

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

Section I – Summary of Auditors’ Results

Financial Statements

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

State Awards

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

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

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

Identification of major State program(s):

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

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

Auditee qualified as low-risk auditee? X

SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditors' 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 *Wisconsin Public School District Audit Manual*:

Department of Public Instruction No
Department of Health Services No

3. Was a management letter or other document conveying audit comments issued as a result of this letter? No



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

5. Date of Report November 10, 2019

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

Section II – Financial Statement Findings Related to Internal Control Over Financial Reporting

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

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

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

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

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

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

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

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 will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures. Management will review, approve, and accept these prior to the issuance of the annual financial statements. The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

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.

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

Section II – Financial Statement Findings Related to Internal Control Over Financial Reporting

FINDING: 2019-002 Material Audit Adjustments

- Criteria:** The District should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.
- Condition:** The audit firm proposed and the District posted to its general ledger accounts journal entries for correcting certain misstatements.
- Context:** The District has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.
- Cause:** The District has not established controls to ensure that all accounts are adjusted to their appropriate year-end balances in accordance with GAAP.
- Effect:** The financial statements of the District may include inaccurate information not detected or prevented by District staff.
- Recommendation:** The District should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with GAAP.

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 will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review, approve, and accept these entries prior to recording them.

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.

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

***Section II – Financial Statement Findings Related to Internal Control Over Financial Reporting
(Continued)***

FINDING: 2019-003 Limited Segregation of Duties

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

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

SCHOOL DISTRICT OF TURTLE LAKE
TURTLE LAKE, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Section III – Findings Related to Major Federal Financial Assistance Programs

None.

Section IV – Findings Related to Major State Financial Assistance Programs

None.

Section V – Findings Related to State General Requirements

None.