

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEAR ENDED JUNE 30, 2020**



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## **FINANCIAL SECTION**

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

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chetek-Weyerhaeuser Area School District, Wisconsin (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Chetek-Weyerhaeuser Area School District, Wisconsin as of June 30, 2020, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

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

**Supplementary Information**

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020 on our consideration of District's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chetek-Weyerhaeuser Area School District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
November 12, 2020

## **BASIC FINANCIAL STATEMENTS**



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 8,263,778
Taxes Receivable	3,819,902
Due from Other Governments	313,381
Wisconsin Retirement System Net Pension Asset	1,390,038
Capital Assets:	
Not Subject to Depreciation	67,478
Subject to Depreciation	20,738,528
Accumulated Depreciation	(8,908,207)
Total Assets	25,684,898
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Wisconsin Retirement System Pension Related	3,032,698
Supplemental Pension Related	75,131
Total Deferred Outflows of Resources	3,107,829
<b>LIABILITIES</b>	
Accounts Payable	56,263
Payroll Taxes and Withholdings	709,099
Due to Other Governments	83
Unearned Revenues	588
Accrued Interest Payable	4,345
Long-Term Liabilities:	
Supplemental Pension Plan Total Pension Liability	811,341
Amounts Due Within One Year	262,830
Amounts Due In More than One Year	236,231
Total Liabilities	2,080,780
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Wisconsin Retirement System Pension Plan Related	4,175,132
<b>NET POSITION</b>	
Net Investment in Capital Assets	11,707,969
Restricted for:	
Debt Service	28,392
Community Service	104,451
WRS Pension Plan Asset	1,390,038
Food Service	144,630
Unrestricted	9,161,335
Total Net Position	\$ 22,536,815

See accompanying Notes to Basic Financial Statements.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
<b>Primary Government:</b>				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 5,113,281	\$ 417,183	\$ 615,980	\$ (4,080,118)
Vocational Instruction	392,339	39,575	9,071	(343,693)
Physical Curriculum	316,280	26,121	-	(290,159)
Special Instruction	1,275,443	105,296	563,855	(606,292)
Co-Curricular Activities	455,072	35,669	-	(419,403)
Other Special Needs	57,167	4,712	-	(52,455)
Total Instruction	7,609,582	628,556	1,188,906	(5,792,120)
Support Services:				
Pupil Services	503,186	-	13,041	(490,145)
Instructional Staff Services	439,058	4,816	133,312	(300,930)
General Administration	282,761	-	4,839	(277,922)
School Building Administration	735,846	-	-	(735,846)
Fiscal	379,722	-	-	(379,722)
Operation and Maintenance of Plant	1,203,696	-	-	(1,203,696)
Facilities Acquisition/Remodeling	27,134	-	-	(27,134)
Pupil Transportation	1,089,856	-	78,556	(1,011,300)
Food Service	466,969	120,159	323,102	(23,708)
Internal Services	2,869	-	-	(2,869)
Central Services	122,798	-	-	(122,798)
Insurance and Judgments	124,614	-	-	(124,614)
Debt Services	22,328	-	-	(22,328)
Other Support Services	517,045	-	-	(517,045)
Community Services	531,426	420,431	-	(110,995)
Other Non-Program	1,670,691	-	-	(1,670,691)
Depreciation - Unallocated	410,107	-	-	(410,107)
Total Support Services	8,530,106	545,406	552,850	(7,431,850)
Total Primary Government	\$ 16,139,688	\$ 1,173,962	\$ 1,741,756	(13,223,970)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				10,178,467
Property Taxes, Levied for Debt Purposes				315,932
Property Taxes, Levied for Community Service Purposes				70,000
Other Taxes				41,450
State and Federal Aids Not Restricted to Specific Functions:				
General				1,658,099
Other				1,362,182
Interest and Investment Earnings				135,735
Miscellaneous				107,340
Total General Revenues				13,869,205
<b>Change in Net Position</b>				645,235
Net Position - Beginning of Year				21,891,580
<b>Net Position - End of Year</b>				<b>\$ 22,536,815</b>

See accompanying Notes to Basic Financial Statements.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	General Fund	Debt Service Fund	Other Governmental Funds	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 8,011,115	\$ 32,737	\$ 219,926	\$ 8,263,778
Taxes Receivable	3,819,902	-	-	3,819,902
Due from Other Governments	283,316	-	30,065	313,381
	<u>12,114,333</u>	<u>32,737</u>	<u>249,991</u>	<u>12,397,061</u>
Total Assets	<u>\$ 12,114,333</u>	<u>\$ 32,737</u>	<u>\$ 249,991</u>	<u>\$ 12,397,061</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 56,024	\$ -	\$ 239	\$ 56,263
Payroll Taxes and Withholdings	709,099	-	-	709,099
Due to Other Governments	-	-	83	83
Unearned Revenues	-	-	588	588
Total Liabilities	<u>765,123</u>	<u>-</u>	<u>910</u>	<u>766,033</u>
<b>Fund Balances:</b>				
Restricted	-	32,737	249,081	281,818
Assigned	360,461	-	-	360,461
Unassigned	10,988,749	-	-	10,988,749
Total Fund Balances	<u>11,349,210</u>	<u>32,737</u>	<u>249,081</u>	<u>11,631,028</u>
Total Liabilities and Fund Balances	<u>\$ 12,114,333</u>	<u>\$ 32,737</u>	<u>\$ 249,991</u>	<u>\$ 12,397,061</u>

See accompanying Notes to Basic Financial Statements.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2020**

**Total Fund Balances - Governmental Funds** \$ 11,631,028

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	67,478	
Land Improvements		1,056,439	
Buildings		16,412,506	
Equipment		3,269,583	
Accumulated Depreciation		<u>(8,908,207)</u>	11,897,799

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

Supplemental Pension Plan Total Pension Liability		(811,341)	
Supplemental Pension Plan Deferred Outflows of Resources		75,131	
Wisconsin Retirement System Net Pension Asset		1,390,038	
Wisconsin Retirement System Deferred Outflows of Resources		3,032,698	
Wisconsin Retirement System Deferred Inflows of Resources		<u>(4,175,132)</u>	(488,606)

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

General Obligation Bonds Payable		228,000	
General Obligation Notes Payable		189,830	
Accrued Interest Payable on General Obligation Debt		4,345	
Vested Employee Benefits		<u>81,231</u>	<u>(503,406)</u>

**Net Position of Governmental Activities** \$ 22,536,815

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020**

	General Fund	Debt Service Fund	Other Governmental Funds	Totals
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 10,178,467	\$ 315,932	\$ 70,000	\$ 10,564,399
Other Local Sources	187,967	789	540,590	729,346
Interdistrict Sources	619,749	-	-	619,749
Intermediate Sources	11,112	-	-	11,112
State Sources	3,849,563	-	6,218	3,855,781
Federal Sources	586,996	-	316,884	903,880
Other Sources	93,960	1,746	-	95,706
Total Revenues	<u>15,527,814</u>	<u>318,467</u>	<u>933,692</u>	<u>16,779,973</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular Instruction	5,023,869	-	-	5,023,869
Vocational Instruction	371,157	-	-	371,157
Physical Curriculum	314,467	-	-	314,467
Special Instruction	1,267,848	-	-	1,267,848
Co-Curricular Activities	429,474	-	-	429,474
Other Special Needs	56,756	-	-	56,756
Support Services:				
Pupil Services	499,865	-	-	499,865
Instructional Staff Services	435,959	-	-	435,959
General Administration	279,218	-	-	279,218
School Building Administration	730,656	-	-	730,656
Fiscal	377,925	-	-	377,925
Operation and Maintenance of Plant	1,328,678	-	-	1,328,678
Facilities Acquisition/Remodeling	99,957	-	-	99,957
Pupil Transportation	1,089,856	-	-	1,089,856
Food Service	-	-	460,993	460,993
Internal Services	2,869	-	-	2,869
Central Services	53,165	-	-	53,165
Insurance and Judgments	124,614	-	-	124,614
Debt Service	-	318,704	-	318,704
Other Support Services	510,751	-	-	510,751
Community Services	-	-	528,244	528,244
Other Non Program	1,670,691	-	-	1,670,691
Total Expenditures	<u>14,667,775</u>	<u>318,704</u>	<u>989,237</u>	<u>15,975,716</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	860,039	(237)	(55,545)	804,257
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	4,950	-	-	4,950
<b>NET CHANGE IN FUND BALANCES</b>	864,989	(237)	(55,545)	809,207
Fund Balances - Beginning of Year	10,484,221	32,974	304,626	10,821,821
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 11,349,210</u>	<u>\$ 32,737</u>	<u>\$ 249,081</u>	<u>\$ 11,631,028</u>

See accompanying Notes to Basic Financial Statements.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

**Net Change in Fund Balances - Total Governmental Funds** \$ 809,207

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	\$ 253,928	
Depreciation Expense Reported in the Statement of Activities	<u>(600,779)</u>	(346,851)

In the statement of activities, the gain or loss on the sale or disposal of capital assets is recognized, whereas in the fund financial statements the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the depreciated cost of the capital assets disposed. (22,726)

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expense in the statement of activities is measured by the change in net pension asset and the related deferred inflows and outflows of resources. (80,665)

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 293,681

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	23,910	
Interest Accrued During the Current Period	<u>(21,215)</u>	2,695

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 Vested Employee Benefits		<u>(10,106)</u>
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**Change in Net Position of Governmental Activities** \$ 645,235

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2020**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Investments	<u>\$ 110,985</u>
<b>LIABILITIES</b>	
Due to Student Organizations	<u>\$ 110,985</u>

*See accompanying Notes to Basic Financial Statements.*

## **NOTES TO BASIC FINANCIAL STATEMENTS**



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

**B. Reporting Entity**

The Chetek-Weyerhaeuser Area School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades pre-kindergarten through twelve and is comprised of all or parts of 14 taxing districts.

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

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

**C. Government-Wide and Fund Financial Statements**

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

**Government-Wide Statements**

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

**Government-Wide Statements (Continued)**

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

**Fund Financial Statements**

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

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

The District has the following major governmental funds:

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

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

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

Additionally, the District reports the following fiduciary fund:

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT**  
**CHETEK, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

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

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

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

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

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

**1. Deposits and Investments**

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

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

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

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

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

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

**2. Receivables and Payables**

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

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

Property taxes are recognized as revenue in the period for which taxes are levied. The 2019 tax levy is used to finance operations of the District's fiscal year ended June 30, 2020. 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.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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 JUNE 30, 2020**

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

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

**2. Receivables and Payables (Continued)**

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

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

**3. Inventories and Prepaid Items**

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

**4. Capital Assets**

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

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

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

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Deferred Outflows of Resources**

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

**6. Deferred Inflows of Resources**

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

**7. Compensated Absences**

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

**8. Supplemental Pension Plan**

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

**9. Wisconsin Retirement System Pension Benefits**

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

**10. Long-Term Obligations**

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

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

**11. Equity Classifications**

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

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

**Fund Financial Statements.** In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period.

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JUNE 30, 2020**

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

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

**11. Equity Classifications (Continued)**

**Fund Financial Statements.** Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. It is the District's policy that at the end of each fiscal year, the District will maintain unassigned portion of fund balance for cash flow at least equal to 20% of the General Fund operating expenditure budget for the subsequent fiscal year.

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

**12. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

The District's cash and investments balances at June 30, 2020 as shown in the financial statements are as follows:

Governmental Funds	\$ 8,263,778
Fiduciary Fund:	
Agency Fund	110,985
Total	\$ 8,374,763

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 8,204,182
Cash and Investments Held by Fiscal Agents:	
Funds Held by HRA Administrator	170,156
Petty Cash	425
Total	\$ 8,374,763

**Deposits at Financial Institutions**

The District's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and up to \$250,000 for demand deposits at any institution. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the organization or party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the District to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2020, the District's deposits were not exposed to custodial credit risk.

**Investments**

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

**Investments (Continued)**

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

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

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

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

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

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
AUL Fixed Interest Annuity	\$ -	\$ 170,156	\$ -	\$ 170,156

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates further into the future are more sensitive to changes in market interest rates. The daily maturities of the investment in American United Life mitigate this risk to the District.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

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

**B. Capital Assets**

Changes in the capital assets for the year ended June 30, 2020 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets:				
Land	\$ 67,478	\$ -	\$ -	\$ 67,478
Land Improvements	1,056,439	-	-	1,056,439
Buildings and Improvements	16,415,815	-	(3,309)	16,412,506
Furniture and Equipment	3,469,978	253,928	(454,323)	3,269,583
Total Capital Assets	<u>21,009,710</u>	<u>253,928</u>	<u>(457,632)</u>	<u>20,806,006</u>
Accumulated Depreciation:				
Land Improvements	739,236	35,792	-	775,028
Buildings and Improvements	5,835,338	318,199	(695)	6,152,842
Furniture and Equipment	2,167,760	246,788	(434,211)	1,980,337
Total Accumulated Depreciation	<u>8,742,334</u>	<u>600,779</u>	<u>(434,906)</u>	<u>8,908,207</u>
Governmental Activities Capital Assets Net of Accumulated Depreciation	<u>\$ 12,267,376</u>	<u>\$ (346,851)</u>	<u>\$ (22,726)</u>	<u>\$ 11,897,799</u>

Depreciation was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular Instruction	\$ 47,361
Vocational Instruction	18,906
Co-Curricular Activities	23,883
<b>Support Services:</b>	
Pupil Services	320
Instructional Staff Services	572
General Administrative Services	2,115
Building Administrative Services	738
Operation and Maintenance of Plant	24,024
Food Services	4,367
Central Services	68,386
<b>Unallocated Depreciation</b>	<u>410,107</u>
Total Depreciation for Governmental Activities	<u>\$ 600,779</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

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

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

There were no interfund balances at June 30, 2020 or interfund transfers made during the year ended June 30, 2020.

**D. Long-Term Obligations**

**Changes in Long-Term Obligations**

Changes in long-term obligations of the District for the year ended June 30, 2020 were as follows:

	Balances July 1, 2019	Additions	Reductions	Balances June 30, 2020	Amounts Due Within One Year
Long-Term Debt:					
Refunding Bonds	\$ 298,000	\$ -	\$ 70,000	\$ 228,000	\$ 73,000
Promissory Notes - Direct Borrowing	374,622	-	184,792	189,830	189,830
State Trust Fund Loans	38,889	-	38,889	-	-
Subtotal	711,511	-	293,681	417,830	262,830
Other Long-Term Obligations:					
Vested Employee Benefits	71,125	10,106	-	81,231	-
 Total	<u>\$ 782,636</u>	<u>\$ 10,106</u>	<u>\$ 293,681</u>	<u>\$ 499,061</u>	<u>\$ 262,830</u>

The District's estimated liability for vested employee benefits is generally liquidated by the general fund. This accrued leave is discussed in Note 4.C.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

**General Obligation Debt**

The individual long-term debt issues of the District outstanding at June 30, 2020 and their related interest requirements at that date were as follows:

<u>Description</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Refunding Bonds, \$664,000, issued 3/1/13, due 3/1/23 interest at 4.00% (WRS prior service liability)	2021	\$ 73,000	\$ 9,120	\$ 82,120
	2022	76,000	6,200	82,200
	2023	79,000	3,160	82,160
			<u>228,000</u>	<u>18,480</u>
General Obligation Notes, \$900,000 issued 3/28/16, due 3/28/21, interest at 2.75%	2021	<u>189,830</u>	<u>5,222</u>	<u>195,052</u>
Total General Obligation Debt		<u>\$ 417,830</u>	<u>\$ 23,702</u>	<u>\$ 441,532</u>

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,089,904,116. The legal debt limit and margin of indebtedness as of June 30, 2020 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows.

Debt Limit (10% of \$1,089,904,116)	\$ 108,990,412
Deduct Long-Term Debt Application to Debt Margin	<u>417,830</u>
Margin of Indebtedness	<u>\$ 108,572,582</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**E. Governmental Fund Balances**

The governmental fund balances reported on the fund financial statements at June 30, 2020 consisted of the following:

	<u>Total</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
<b>Major Funds:</b>				
General Fund				
Self-Insurance	\$ 360,461	\$ -	\$ 360,461	\$ -
Unassigned	10,988,749	-	-	10,988,749
Subtotal General Fund	11,349,210	-	360,461	10,988,749
Debt Service Payments	32,737	32,737	-	-
<b>Nonmajor funds:</b>				
Special Revenue Funds:				
Food Service Program	144,630	144,630	-	-
Community Service Programs	104,451	104,451	-	-
 Total Governmental Fund Balances at June 30, 2020	 <u>\$ 11,631,028</u>	 <u>\$ 281,818</u>	 <u>\$ 360,461</u>	 <u>\$ 10,988,749</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.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

*Contributions.* Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the fiscal year July 1, 2019 through June 30, 2020, the WRS recognized \$449,430 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.75%	6.75%

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
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 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

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

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
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
2019	0.0	(10.0)

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

At June 30, 2020, the District reported an asset of \$1,390,038 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.04310922 percent, which was a decrease of 0.00103243 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$518,467. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
 CHETEK, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

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

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,638,610	\$ (1,320,447)
Changes of Assumptions	108,320	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(2,841,732)
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	3,366	(12,953)
District Contributions Subsequent to the Measurement Date	<u>282,402</u>	<u>-</u>
Total	<u>\$ 3,032,698</u>	<u>\$ (4,175,132)</u>

The \$282,402 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Pension Expense Amount</u>
2021	\$ (421,263)
2022	(317,103)
2023	46,066
2024	(732,536)

*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:

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

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

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
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:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 mortality table
Post-retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	N/A	N/A	70%	4.6%
International Equities	N/A	N/A	30%	5.3%
Global Equities	49%	5.1%	N/A	N/A
Fixed Income	24.5%	2.1%	N/A	N/A
Inflation Sensitive Assets	15.5%	1.2%	N/A	N/A
Real Estate	9%	3.5%	N/A	N/A
Private Equity/Debt	8%	7.6%	N/A	N/A
Multi-Asset	4%	4.0%	N/A	N/A
Cash	-10%	9.0%	N/A	N/A
Totals	100%		100%	

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
 CHETEK, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

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

*Discount rate.* A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed income municipal bonds with 20-years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In population of over 10,000 tax-exempt securities.). 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.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,579,596	\$ (1,390,038)	\$ (5,105,411)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Supplemental Pension Plan Benefit**

***Plan Description***

The District offers a supplemental retirement program for eligible employees (the Plan), which is a single-employer defined benefit plan. The Plan's purpose is to provide retirement income to Plan members. The Chetek-Weyerhaeuser Area School District (the District) is the administrator of the Plan. The School Board reserves the right to alter, amend, or terminate the Plan at any time for any reason, without consent.

As of June 30, 2020, employees covered by the Plan are as follows:

***Benefits Provided***

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

The District paid \$72,000 for pension benefits under the Plan that came due during the year ended June 30, 2020.

***Total Pension Liability***

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

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

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

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

The District's total pension liability was determined by an actuarial valuation as of June 30, 2019 (the measurement date). At June 30, 2020, the District reported a total pension liability of \$811,341. Changes in the District's total pension liability were as follows:

Total Pension Liability - June 30, 2019	\$ 835,483
Changes for the Year:	
Service Cost	19,401
Interest	30,194
Benefit Payments	(80,000)
Changes of Assumptions or Other Input	<u>6,263</u>
Net Changes	<u>(24,142)</u>
Total Pension Liability - June 30, 2020	<u><u>\$ 811,341</u></u>

***Pension Costs***

For the year ended June 30, 2020, the District recognized pension expense of \$84,492. At June 30, 2020, 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
Changes of Assumptions or Other Input	\$ 3,131	\$ -
District Contributions Subsequent to the Measurement Date	<u>72,000</u>	<u>-</u>
Total	<u><u>\$ 75,131</u></u>	<u><u>\$ -</u></u>

The \$72,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a deduction to the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	Pension Expense Amount
2021	\$ 3,131

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
 CHETEK, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

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

***Actuarial Assumptions***

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

Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal (Level Percent of Salary)
Discount Rate:	3.50%
Salary Increases:	0.2% to 5.6% not including inflation
Retirement Age:	Based on most recent Wisconsin Retirement System public school employee tables.
Mortality:	Based on Wisconsin 2012 Mortality Tables with MP-2015 Generational Improvement Scale.

***Discount Rate***

The discount rate used to measure the total pension liability was 3.50 percent. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 3.50%.

***Total Pension Liability Sensitivity***

The following presents the District's total pension liability, calculated using the discount rate of 3.50%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50 percent) or one percentage point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total Pension Liability	<u>\$ 836,603</u>	<u>\$ 811,341</u>	<u>\$ 786,437</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Vested Employee Benefits**

Effective July 1, 2012 the District revised the employee vacation and sick pay policy which allowed benefits to accumulate and be paid out in cash upon termination or retirement. Vacation and sick days were replaced with 15 PTO days per year which do not vest. As of July 1, 2019 the number of PTO days per year increased to 18. Sick leave balances in excess of 120 days on July 1, 2012 were converted into a permanent sick leave reserve to be used if the PTO is depleted. Upon retirement any balance remaining in the sick leave reserve will be paid out according to rates specified in the 2010-11 employee and union agreements. The District's liability for vested employee benefits at June 30, 2020 was estimated at \$81,231 and is recorded as a long-term obligation in the government-wide financial statements.

**D. Risk Management**

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

**E. Limitation on School District Revenues**

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

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

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

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

On July 1, 2015, the District established a self-funded health and dental benefit plan for its employees. The Plan administrators, BPA (health) and Delta Dental (dental), are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
 CHETEK, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Self-Funded Health and Dental Insurance (Continued)**

As part of the health care coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$45,000 per individual and/or 100% of the annual estimated claims as provided by the plan administrator. For the year ended June 30, 2020, the aggregate claim limit was \$1,000,000. The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2020, the District has reported a liability of \$301,500, which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator of \$1,145,708, claims reported to the Plan administrator but not the District of \$1,912,540 and claims which were not yet reported to either the Plan administrator or the District of \$301,368. The amounts not reported to the District were determined by the Plan administrator.

Changes in claims liability for the self-funded health insurance plan for the year ended June 30, 2020 and the two preceding years were as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
6/30/20	\$ 210,000	\$ 1,750,682	\$ (1,665,682)	\$ 295,000
6/30/19	150,000	1,895,487	(1,835,487)	210,000
6/30/18	150,000	1,691,507	(1,691,507)	150,000

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
6/30/20	\$ 8,000	\$ 93,323	\$ (94,823)	\$ 6,500
6/30/19	8,000	107,494	(107,494)	8,000
6/30/18	8,000	105,028	(105,028)	8,000



**REQUIRED SUPPLEMENTARY INFORMATION**

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 10,178,467	\$ 10,178,467	\$ 10,178,467	\$ -
Other Local Sources	70,811	70,811	187,967	117,156
Interdistrict Sources	622,990	622,990	619,749	(3,241)
Intermediate Sources	7,900	7,900	11,112	3,212
State Sources	3,779,496	3,779,496	3,849,563	70,067
Federal Sources	697,790	697,790	586,996	(110,794)
Other Revenues	25,000	25,000	93,960	68,960
Total Revenues	<u>15,382,454</u>	<u>15,382,454</u>	<u>15,527,814</u>	<u>145,360</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Undifferentiated Curriculum	2,406,304	2,406,304	2,067,698	338,606
Regular Curriculum	3,023,111	3,023,111	2,956,171	66,940
Vocational Curriculum	419,830	419,830	371,157	48,673
Special Curriculum	316,215	316,215	314,467	1,748
Physical Curriculum	1,315,003	1,315,003	1,267,848	47,155
Co-Curricular Activities	515,033	515,033	429,474	85,559
Other Special Needs	58,597	58,597	56,756	1,841
Total Instruction	<u>8,054,093</u>	<u>8,054,093</u>	<u>7,463,571</u>	<u>590,522</u>
<b>Support Services:</b>				
Pupil Services	549,730	549,730	499,865	49,865
Instructional Staff Services	408,211	410,506	435,959	(25,453)
General Administration	306,914	306,914	279,218	27,696
School Building Administration	716,721	716,721	730,656	(13,935)
Fiscal	424,963	424,963	377,925	47,038
Operation and Maintenance of Plant	1,391,324	1,391,324	1,328,678	62,646
Facilities Acquisition/Remodeling	423,287	423,287	99,957	323,330
Pupil Transportation	1,059,105	1,059,105	1,089,856	(30,751)
Internal Services	-	-	2,869	(2,869)
Central Services	52,000	52,000	53,165	(1,165)
Insurance and Judgments	122,275	122,275	124,614	(2,339)
Other Support Services	514,094	514,094	510,751	3,343
Total Support	<u>5,968,624</u>	<u>5,970,919</u>	<u>5,533,513</u>	<u>437,406</u>
<b>Non Program:</b>				
Instructional Services	1,715,843	1,713,548	1,656,379	57,169
Other Non Program	-	-	14,312	(14,312)
Total Non Program	<u>1,715,843</u>	<u>1,713,548</u>	<u>1,670,691</u>	<u>42,857</u>
Total Expenditures	<u>15,738,560</u>	<u>15,738,560</u>	<u>14,667,775</u>	<u>1,070,785</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(356,106)</b>	<b>(356,106)</b>	<b>860,039</b>	<b>1,216,145</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	-	-	4,950	4,950
<b>NET CHANGE IN FUND BALANCE</b>	<b>(356,106)</b>	<b>(356,106)</b>	<b>864,989</b>	<b>1,221,095</b>
Fund Balance, Beginning of Year	10,484,221	10,484,221	10,484,221	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 10,128,115</b>	<b>\$ 10,128,115</b>	<b>\$ 11,349,210</b>	<b>\$ 1,221,095</b>

See accompanying Notes to Required Supplementary Information.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF  
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN LIABILITY (ASSET)  
LAST 10 FISCAL YEARS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: December 31,	2014	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability (Asset)	0.04446230%	0.04460845%	0.04427093%	0.04424782%	0.04414165%	0.04310922%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (1,092,116)	\$ 724,849	\$ 364,898	\$ (1,313,770)	\$ 1,570,422	\$ (1,390,038)
District's Covered Payroll	\$ 6,173,664	\$ 6,223,827	\$ 6,491,391	\$ 6,541,183	\$ 6,691,721	\$ 6,691,691
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	17.69%	11.65%	5.62%	20.08%	23.47%	20.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%

See accompanying Notes to Required Supplementary Information.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO  
WISCONSIN RETIREMENT SYSTEM PENSION PLAN  
LAST 10 FISCAL YEARS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Fiscal Year Ended: June 30,	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 426,629	\$ 431,847	\$ 436,230	\$ 443,715	\$ 446,812	\$ 449,430
Contributions in Relation to the Contractually Required Contributions	<u>(426,629)</u>	<u>(431,847)</u>	<u>(436,230)</u>	<u>(443,715)</u>	<u>(446,812)</u>	<u>(449,430)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 6,202,884	\$ 6,469,281	\$ 6,487,479	\$ 6,585,094	\$ 6,761,566	\$ 6,733,775
Contributions as a Percentage of Covered Payroll	6.88%	6.68%	6.72%	6.74%	6.61%	6.67%

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

*Changes of Assumptions.* No significant changes in assumptions were noted from the prior year.

See accompanying Notes to Required Supplementary Information.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
SUPPLEMENTAL PENSION PLAN LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Measurement Date: June 30,	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 28,870	\$ 28,870	\$ 26,836	\$ 19,401
Interest	24,395	24,271	26,888	30,194
Differences Between Expected and Actual Experience	-	-	85,950	-
Changes of Assumptions or Other Input	-	(14,114)	(13,013)	6,263
Benefit Payments	<u>(49,200)</u>	<u>(65,600)</u>	<u>(92,000)</u>	<u>(80,000)</u>
<b>Net Change in Total Pension Liability</b>	4,065	(26,573)	34,661	(24,142)
<b>Total Pension Liability - Beginning</b>	<u>823,330</u>	<u>827,395</u>	<u>800,822</u>	<u>835,483</u>
<b>Total Pension Liability - Ending</b>	<u>\$ 827,395</u>	<u>\$ 800,822</u>	<u>\$ 835,483</u>	<u>\$ 811,341</u>
 <b>Covered Payroll</b>	 1,085,809	 1,085,809	 850,232	 850,232
 <b>District's Total Pension Liability as a Percentage of Covered Payroll</b>	 76.2%	 73.75%	 98.27%	 95.43%

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

*Changes of Assumptions:*

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

**Note:**

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

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

See accompanying Notes to Required Supplementary Information.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**BUDGETARY INFORMATION**

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

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

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

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

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

## **SUPPLEMENTARY INFORMATION**

## **COMBINING AND INDIVIDUAL FUND STATEMENTS**



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
COMBINING BUDGETARY COMPARISON SCHEDULE  
FUND 10 AND FUND 27  
YEAR ENDED JUNE 30, 2020**

	Original Budgets				Final Budgets				Actuals			
	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined	Fund 10 General Fund	Fund 27 Special Education Fund	Eliminations	Combined
<b>REVENUES</b>												
Local Sources:												
Property Taxes	\$ 10,178,467	\$ -	\$ -	\$ 10,178,467	\$ 10,178,467	\$ -	\$ -	\$ 10,178,467	\$ 10,178,467	\$ -	\$ -	\$ 10,178,467
Other Local Sources	70,811	-	-	70,811	70,811	-	-	70,811	187,967	-	-	187,967
Interdistrict Sources	622,990	-	-	622,990	622,990	-	-	622,990	619,749	-	-	619,749
Intermediate Sources	7,000	900	-	7,900	7,000	900	-	7,900	11,112	-	-	11,112
State Sources	3,432,496	347,000	-	3,779,496	3,432,496	347,000	-	3,779,496	3,513,161	336,402	-	3,849,563
Federal Sources	344,588	353,202	-	697,790	344,588	353,202	-	697,790	390,082	196,914	-	586,996
Other Sources	25,000	-	-	25,000	25,000	-	-	25,000	93,960	-	-	93,960
Total Revenues	14,681,352	701,102	-	15,382,454	14,681,352	701,102	-	15,382,454	14,994,498	533,316	-	15,527,814
<b>EXPENDITURES</b>												
<b>Instruction:</b>												
Undifferentiated Curriculum	2,406,304	-	-	2,406,304	2,406,304	-	-	2,406,304	2,067,698	-	-	2,067,698
Regular Curriculum	3,023,111	-	-	3,023,111	3,023,111	-	-	3,023,111	2,956,171	-	-	2,956,171
Vocational Curriculum	419,830	-	-	419,830	419,830	-	-	419,830	371,157	-	-	371,157
Physical Curriculum	316,215	-	-	316,215	316,215	-	-	316,215	314,467	-	-	314,467
Special Curriculum	-	1,315,003	-	1,315,003	-	1,315,003	-	1,315,003	-	1,267,848	-	1,267,848
Co-Curricular Activities	515,033	-	-	515,033	515,033	-	-	515,033	429,474	-	-	429,474
Other Special Needs	58,597	-	-	58,597	58,597	-	-	58,597	56,756	-	-	56,756
Total Instruction	6,739,090	1,315,003	-	8,054,093	6,739,090	1,315,003	-	8,054,093	6,195,723	1,267,848	-	7,463,571
<b>Support Services:</b>												
Pupil Services	389,474	160,256	-	549,730	389,474	160,256	-	549,730	340,333	159,532	-	499,865
Instructional Staff Services	276,931	131,280	-	408,211	276,931	133,575	-	410,506	345,330	90,629	-	435,959
General Administration	306,914	-	-	306,914	306,914	-	-	306,914	279,218	-	-	279,218
School Building Administration	716,721	-	-	716,721	716,721	-	-	716,721	730,656	-	-	730,656
Fiscal	424,963	-	-	424,963	424,963	-	-	424,963	377,925	-	-	377,925
Operation and Maintenance of Plant	1,391,324	-	-	1,391,324	1,391,324	-	-	1,391,324	1,328,678	-	-	1,328,678
Facilities Acquisition/Remodeling	423,287	-	-	423,287	423,287	-	-	423,287	99,957	-	-	99,957
Pupil Transportation	1,043,305	15,800	-	1,059,105	1,043,305	15,800	-	1,059,105	1,049,809	40,047	-	1,089,856
Internal Services	-	-	-	-	-	-	-	-	2,869	-	-	2,869
Central Services	52,000	-	-	52,000	52,000	-	-	52,000	53,165	-	-	53,165
Insurance and Judgments	122,275	-	-	122,275	122,275	-	-	122,275	124,614	-	-	124,614
Other Support Services	514,094	-	-	514,094	514,094	-	-	514,094	510,751	-	-	510,751
Total Support Services	5,661,288	307,336	-	5,968,624	5,661,288	309,631	-	5,970,919	5,243,305	290,208	-	5,533,513
<b>Non-Program:</b>												
Instructional Services	1,702,770	13,073	-	1,715,843	1,702,770	10,778	-	1,713,548	1,643,708	12,671	-	1,656,379
Other Non Program	-	-	-	-	-	-	-	-	14,312	-	-	14,312
Total Non Program	1,702,770	13,073	-	1,715,843	1,702,770	10,778	-	1,713,548	1,658,020	12,671	-	1,670,691
Total Expenditures	14,103,148	1,635,412	-	15,738,560	14,103,148	1,635,412	-	15,738,560	13,097,048	1,570,727	-	14,667,775
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	578,204	(934,310)	-	(356,106)	578,204	(934,310)	-	(356,106)	1,897,450	(1,037,411)	-	860,039
<b>OTHER FINANCING SOURCES (USES)</b>												
Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	4,950	-	-	4,950
Transfers In	-	934,310	(934,310)	-	-	934,310	(934,310)	-	-	1,037,411	(1,037,411)	-
Transfers Out	(934,310)	-	934,310	-	(934,310)	-	934,310	-	(1,037,411)	-	1,037,411	-
Total Other Financing Sources (Uses)	(934,310)	934,310	-	-	(934,310)	934,310	-	-	(1,032,461)	1,037,411	-	4,950
<b>NET CHANGE IN FUND BALANCE</b>	(356,106)	-	-	(356,106)	(356,106)	-	-	(356,106)	864,989	-	-	864,989
Fund Balance - Beginning of Year	10,484,221	-	-	10,484,221	10,484,221	-	-	10,484,221	10,484,221	-	-	10,484,221
<b>FUND BALANCE - END OF YEAR</b>	\$ 10,128,115	\$ -	\$ -	\$ 10,128,115	\$ 10,128,115	\$ -	\$ -	\$ 10,128,115	\$ 11,349,210	\$ -	\$ -	\$ 11,349,210

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
FUND 10  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 10,178,467	\$ 10,178,467	\$ 10,178,467	\$ -
Other Local Sources	70,811	70,811	187,967	117,156
Interdistrict Sources	622,990	622,990	619,749	(3,241)
Intermediate Sources	7,000	7,000	11,112	4,112
State Sources	3,432,496	3,432,496	3,513,161	80,665
Federal Sources	344,588	344,588	390,082	45,494
Other Sources	25,000	25,000	93,960	68,960
Total Revenues	<u>14,681,352</u>	<u>14,681,352</u>	<u>14,994,498</u>	<u>313,146</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Undifferentiated Curriculum	2,406,304	2,406,304	2,067,698	338,606
Regular Curriculum	3,023,111	3,023,111	2,956,171	66,940
Vocational Curriculum	419,830	419,830	371,157	48,673
Physical Curriculum	316,215	316,215	314,467	1,748
Co-Curricular Activities	515,033	515,033	429,474	85,559
Other Special Needs	58,597	58,597	56,756	1,841
Total Instruction	<u>6,739,090</u>	<u>6,739,090</u>	<u>6,195,723</u>	<u>543,367</u>
<b>Support Services:</b>				
Pupil Services	389,474	389,474	340,333	49,141
Instructional Staff Services	276,931	276,931	345,330	(68,399)
General Administration	306,914	306,914	279,218	27,696
School Building Administration	716,721	716,721	730,656	(13,935)
Fiscal	424,963	424,963	377,925	47,038
Operation and Maintenance of Plant	1,391,324	1,391,324	1,328,678	62,646
Facilities Acquisition/Remodeling	423,287	423,287	99,957	323,330
Pupil Transportation	1,043,305	1,043,305	1,049,809	(6,504)
Internal Services	-	-	2,869	(2,869)
Central Services	52,000	52,000	53,165	(1,165)
Insurance and Judgments	122,275	122,275	124,614	(2,339)
Other Support Services	514,094	514,094	510,751	3,343
Total Support Services	<u>5,661,288</u>	<u>5,661,288</u>	<u>5,243,305</u>	<u>417,983</u>
<b>Non Program:</b>				
Instructional Services	1,702,770	1,702,770	1,643,708	59,062
Other Nonprogram	-	-	14,312	(14,312)
Total Nonprogram	<u>1,702,770</u>	<u>1,702,770</u>	<u>1,658,020</u>	<u>44,750</u>
Total Expenditures	<u>14,103,148</u>	<u>14,103,148</u>	<u>13,097,048</u>	<u>1,006,100</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	578,204	578,204	1,897,450	1,319,246
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	-	-	4,950	4,950
Transfers Out	(934,310)	(934,310)	(1,037,411)	(103,101)
Total Other Financing Sources (Uses)	<u>(934,310)</u>	<u>(934,310)</u>	<u>(1,032,461)</u>	<u>(98,151)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(356,106)	(356,106)	864,989	1,221,095
Fund Balance - Beginning of Year	<u>10,484,221</u>	<u>10,484,221</u>	<u>10,484,221</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 10,128,115</u>	<u>\$ 10,128,115</u>	<u>\$ 11,349,210</u>	<u>\$ 1,221,095</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
FUND 27  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intermediate Sources	\$ 900	\$ 900	\$ -	\$ (900)
State Sources	347,000	347,000	336,402	(10,598)
Federal Sources	353,202	353,202	196,914	(156,288)
Total Revenues	<u>701,102</u>	<u>701,102</u>	<u>533,316</u>	<u>(167,786)</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Special Curriculum	1,315,003	1,315,003	1,267,848	47,155
<b>Support Services:</b>				
Pupil Services	160,256	160,256	159,532	724
Instructional Staff Services	131,280	133,575	90,629	42,946
Pupil Transportation	15,800	15,800	40,047	(24,247)
Total Support Services	<u>307,336</u>	<u>309,631</u>	<u>290,208</u>	<u>19,423</u>
<b>Non Program:</b>				
Instructional Services	<u>13,073</u>	<u>10,778</u>	<u>12,671</u>	<u>(1,893)</u>
Total Expenditures	<u>1,635,412</u>	<u>1,635,412</u>	<u>1,570,727</u>	<u>64,685</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(934,310)	(934,310)	(1,037,411)	(103,101)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>934,310</u>	<u>934,310</u>	<u>1,037,411</u>	<u>103,101</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Community Services</u>	
<b>ASSETS</b>			
Cash and Investments	\$ 115,274	\$ 104,652	\$ 219,926
Due from Other Governments	30,065	-	30,065
	<u>\$ 145,339</u>	<u>\$ 104,652</u>	<u>\$ 249,991</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Vouchers Payable	\$ 38	\$ 201	\$ 239
Due to Other Governments	83	-	83
Unearned Revenue	588	-	588
Total Liabilities	<u>709</u>	<u>201</u>	<u>910</u>
<b>Fund Balances:</b>			
Restricted	<u>144,630</u>	<u>104,451</u>	<u>249,081</u>
Total Liabilities and Fund Balances	<u>\$ 145,339</u>	<u>\$ 104,652</u>	<u>\$ 249,991</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2020**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Community Services</u>	
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ -	\$ 70,000	\$ 70,000
Other Local Sources	120,159	420,431	540,590
State Sources	6,218	-	6,218
Federal Sources	316,884	-	316,884
Total Revenues	<u>443,261</u>	<u>490,431</u>	<u>933,692</u>
<b>EXPENDITURES</b>			
Support Services:			
Food Service	460,993	-	460,993
Community Services	<u>-</u>	<u>528,244</u>	<u>528,244</u>
Total Expenditures	<u>460,993</u>	<u>528,244</u>	<u>989,237</u>
<b>NET CHANGE IN FUND BALANCES</b>	(17,732)	(37,813)	(55,545)
Fund Balances- Beginning of Year	<u>162,362</u>	<u>142,264</u>	<u>304,626</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 144,630</u>	<u>\$ 104,451</u>	<u>\$ 249,081</u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
 CHETEK, WISCONSIN  
 DEBT SERVICE FUND  
 COMBINING BALANCE SHEET  
 JUNE 30, 2020**

	Non Referendum Debt Service	Referendum Debt Service	Totals
<b>ASSETS</b>			
Cash and Investments	\$ -	\$ 32,737	\$ 32,737
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Fund Balances:</b>			
Restricted	\$ -	\$ 32,737	\$ 32,737

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
DEBT SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCES  
YEAR ENDED JUNE 30, 2020**

	Non Referendum Debt Service	Referendum Debt Service	Totals
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 315,932	\$ -	\$ 315,932
Other Local Sources	-	789	789
Other Sources	1,746	-	1,746
Total Revenues	<u>317,678</u>	<u>789</u>	<u>318,467</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	293,682	-	293,682
Interest and Fiscal Fees	<u>24,527</u>	<u>495</u>	<u>25,022</u>
Total Expenditures	<u>318,209</u>	<u>495</u>	<u>318,704</u>
<b>NET CHANGE IN FUND BALANCES</b>	(531)	294	(237)
Fund Balances - Beginning of Year	<u>531</u>	<u>32,443</u>	<u>32,974</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 32,737</u></u>	<u><u>\$ 32,737</u></u>

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
 CHETEK, WISCONSIN  
 STUDENT ACTIVITY FUND  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 AND CHANGE IN BALANCES  
 YEAR ENDED JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>ASSETS</b>				
Cash and Investments	<u>\$ 122,661</u>	<u>\$ 82,301</u>	<u>\$ 93,977</u>	<u>\$ 110,985</u>
<b>LIABILITIES</b>				
Due to Student Organizations	<u>\$ 122,661</u>	<u>\$ 82,301</u>	<u>\$ 93,977</u>	<u>\$ 110,985</u>



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT  
YEAR ENDED JUNE 30, 2020**

**SECTION I: AUTHORIZER INFORMATION**

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

**SECTION II: CHARTER SCHOOL INFORMATION**

**Charter Schools Currently Under Contract:**

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

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

None

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

None

**Charter Schools that Closed:**

None

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

Due to COVID-19 and the resulting statewide mandatory school closure, students did not participate in statewide assessments. Therefore, CWASD is not able to provide academic performance data for the 2019-20 school year.

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

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

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Administration:** The Charter School's staff shall be responsible for leading and directing the day-to-day operations of the Charter School. The Governance Board of the Charter School shall direct the operations for the Charter School in accordance with the vision and mission statements of L2L and abide by the contract agreed upon with the CWASD. The CWASD will provide administrative services to support all school district employees and all enrolled pupils at the Charter School in the same manner as other CWASD schools, including but not limited to: accounting, auditing, risk management, payroll, benefits administration, pupil services, record keeping, reporting and other compliance monitoring and fulfillment, building and grounds maintenance, and testing of students. All services not in the L2L budget will be provided by the CWASD in a like manner as provided to the other schools in the district.

The Charter School will be provided administrative support from a licensed administrator of the corresponding grade levels of the Chetek-Weyerhaeuser Area School District, who will be the designated administrator for the Charter School. The L2L Board will determine the specific roles the administrator will fulfill in the Charter School. To maintain as much autonomy as possible, the administrator's role in the Charter School will be minimal, with the L2L Board establishing policies and procedures that will be carried out by the lead teacher.

**Parents and Families:** Parent and family involvement will also be stressed as a significant part of the educational philosophy at the Charter School. Frequent contact will be made with parents to solidify the bond between school and home. Families will be encouraged to participate in school activities, and in essence, become part of the school.

**Educational Program:** The Charter School shall provide an environment whereby students have the freedom to study at their preferred pace, time and place under the supervision of their parent(s) and Local Education Guide. The Charter School will utilize an instructional delivery model in which instruction is done in the student's home and with the Chetek-Weyerhaeuser district faculty. Course work can be accomplished through use of available correspondence or online courses. The Charter School will also utilize special techniques of course design, special instructional techniques, special methods of communication by electronic and other technology, as well as organizational and administrative arrangements.

**Curriculum:** In order to attain the educational goals listed in Wis. Stats. §118.01, the Charter School will implement a curriculum which will empower students to master rigorous academic standards through an innovative learning environment. In addition to attaining the educational goals listed in Wis. Stats. §118.01, the Charter School shall meet or exceed such academic performance standards as may, from time to time, be established by the District. Without in any way limiting, or being limited by the foregoing, the Charter School shall at all times (i) observe the requirements of Wis. Stats, § 11 8.40(8)(g) concerning pupil participation in the programs and curriculum of the Charter School and (ii) on the District's behalf, and in a fashion fully consistent with all Applicable Laws, at all times provide special education and related services to fulfill the educational goals of pupils with disabilities enrolled in the Charter School.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Key components of the Charter School's curriculum and instruction include:

- (1) Self-paced, individualized instruction highlighting students' areas special interest;
- (2) Student-designed project-led learning;
- (3) Integration of technical writing and critical reading skills throughout the curriculum;
- (4) Emphasis on real life learning application through community involvement and integration of trade literature;
- (5) Pursuit of information technology utilizing programs outside the expected educational sector.

An Academic Guide will be assigned to each student to serve as instructional leader; make deep emotional and intellectual connections with that student, and champion interdisciplinary, project-based, and problem-based learning for that student.

Additional partnerships with parents and community leaders will provide expertise and/or mentoring opportunities.

Charter School faculty will be comprised of teachers who simultaneously embrace their roles as teachers and learners committing to:

- (1) Establish deep, lasting relationships with the students they serve;
- (2) Bridge learning between the classroom and our world;
- (3) Measure student progress in multiple real world ways;
- (4) Provide a safe environment for student inquiry;
- (5) Engage student curiosity;
- (6) Build a continuous learning culture.

In addition to the foregoing, the following will play a key role in the Charter School:

- (1) Production of an individual "Individual Learning Plan" for each student;
- (2) Student-led conferences during the year;
- (3) Implementation of a portfolio management/review system;
- (4) Weekly Communications between each student and their LEG;
- (5) Weekly enrichment programs like music, physical education, computer science, etc.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

In addition, pursuant to Virtual Charter School requirements under §118.40(8), the Charter School shall:

- (1) Make instructional staff responsible for all of the following for each pupil the Instructional Staff teaches:
  - a. Improving learning by planned instruction.
  - b. Diagnosing learning needs.
  - c. Prescribing content delivery through class activities.
  - d. Assessing learning.
  - e. Reporting outcomes to students, parents/guardians, and Superintendent.
- (2) Provide educational services to its pupils for at least 150 days each school year.
- (3) Ensure its Teachers are able to provide direct instruction for at least the applicable number of hours specified in Wis. Stat. 121.02(1)(f) each school year.
- (4) Ensure its Teachers respond to inquiries from pupils and parents/guardians by the end of the first school day following the day on which the inquiry was received.
- (5) Inform the parents/guardians of each pupil attending the Charter School, in writing, how to contact the members of the District Board of Education, the Superintendent, the members of the Governing Board.

**Measurement of Student Progress:** Student progress will be assessed through a variety of accepted educational practices. These methods are:

- (1) The Charter School shall administer such standardized tests as may be required under Wis. Stats, §118.30(lm), 118.016, §121.02(l)(r), 20 U.S.C. §1177 et. seq. (also known as the "Every Student Succeeds Act") (as modified from time to time), and any other Applicable Laws to pupils enrolled in the Charter School and shall cause the testing data for the Charter School to be transmitted to the District in such form as the District shall customarily transmit such data.
- (2) In addition to the foregoing, the Charter School shall use any local progress measures promulgated by the District to measure pupil progress under §118.01.

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Such measures will include, but not be limited to the following:

- Wisconsin Forward Exam
- Local Assessments such as: ACT Aspire, FAST, etc.
- Annual Review of Individual Learning Plan (ILP)
- Parent Satisfaction Survey
- Comprehensive Student Portfolio
- Parent/Teacher/Student-led Conferences
- Ongoing Parent/Teacher Evaluation of Student Progress
- Student Self-Evaluation of Progress
- Subject Area and Skill Based Tests

**Graduation Requirement:** The Charter School's graduation requirements will be based upon that which is required by the University of Wisconsin College Admissions and the State of Wisconsin graduation standards PI-18.03 and the District's graduation requirements. Students enrolled in the Charter School must have a minimum 24 semester credits distributed as follows:

- 4 Credits of English
- 3 Credits of Social Studies
- 3 Credits of Math
- 3 Credits of Science
- 2 Credits for Service Learning
- 2 Credits for Physical Education and Health
- 1 Credits for Life Skills
- 6 Credits of Electives
- 24 Semester Credits

(1) An alternative graduation plan may be developed with input and approval of the charter school personnel. If the student successfully completes their alternate education plan, they shall receive a diploma from the charter school.

**SECTION VI: AUTHORIZER OPERATING COSTS**

NONE

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

Services Provided	Function Code	Cost
Regular Curriculum	120000	\$ 500
Special Education	150000	2,000
General Administration	230000	18,602
Building Administration	240000	3,130
Business Services	252000	17,408
General Operations	253000	9,000
Technology	266000	1,500
Other Services	290000	2,500
Total		<u>\$ 54,640</u>

**SINGLE AUDIT SECTION**

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued Receivable (Unearned Revenue) July 1, 2019	Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2020
<b>U.S. Department of Agriculture</b>								
Child Nutrition Cluster:								
School Breakfast Program:	10.553	WI DPI						
COVID-19 - School Breakfast Program			2020-031080-DPI-SB-Severe-546	\$ -	\$ -	\$ 1,440	\$ 1,440	\$ -
School Breakfast Program			2020-031080-DPI-SB-Severe-546	-	6,528	34,221	40,749	-
Total School Breakfast Program (CFDA #10.553)				-	6,528	35,661	42,189	-
School Lunch Program:	10.555	WI DPI						
COVID-19 - School Lunch Program			2020-031080-NSL-547	-	-	4,796	4,796	-
School Lunch			2020-031080-NSL-547	-	23,327	117,813	141,140	-
Food Donation (noncash)			A001-00000-031080	-	-	31,264	31,264	-
Total School Lunch Program (CFDA #10.555)				-	23,327	153,873	177,200	-
Summer Food Service Program:	10.559	WI DPI						
COVID-19 - Summer Food Service Program			2020-031080-SFSP-586	-	-	102,172	72,107	30,065
Summer Food Service Program			2020-031080-SFSP-586	-	-	25,178	25,178	-
Total Summer Food Service Program (CFDA #10.559)				-	-	127,350	97,285	30,065
Total Child Nutrition Cluster				-	29,855	316,884	316,674	30,065
<b>U.S. Department of Education</b>								
ESEA Title I-A Basic Grant	84.010	WI DPI	2020-031080-TIA-141	-	113,911	261,101	265,503	109,509
Special Education Cluster:								
Special Education Grants to States	84.027	WI DPI	2020-031080-DPI-IDEA-F-341	-	66,810	205,941	175,675	97,076
IDEA Preschool Entitlement	84.173	WI DPI	2020-031080-DPI-IDEA-P-347	-	140	6,486	5,896	730
Total Special Education Cluster				-	66,950	212,427	181,571	97,806
Quality Teachers and Principals (Title II, Part A)	84.367	WI DPI	2020-031080-TIIA-365	-	8,851	32,027	29,425	11,453
Title VI-A Student Support and Academic Achievement	84.424	WI DPI	2020-031080-TIVA-DPI-381	-	-	13,041	13,041	-
Total Department of Education				-	189,712	518,596	489,540	218,768
<b>U.S. Department of Health and Human Services</b>								
Medical Assistance Program (Medicaid SBS)	93.778	WI DHS	44235600	-	-	68,400	68,400	-
Total Federal Program Awards				\$ -	\$ 219,567	\$ 903,880	\$ 874,614	\$ 248,833

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



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2020**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Grant Identifying Number	Accrued Receivable (Unearned Revenue) July 1, 2019	Expenditures	State Reimbursements	Accrued Receivable (Unearned Revenue) June 30, 2020
<u>Wisconsin Department of Public Instruction</u>						
Major State Programs:						
Handicapped Pupils and School Age Parents:	255.101	[1] 031080-100	\$ -	\$ 336,402	\$ 336,402	\$ -
General Aids:						
General Equalization Aid	255.201	031080-116	27,799	1,658,099	1,658,741	27,157
Special Adjustment Aid	255.203	031080-118	-	159,665	159,665	-
Aid for High Poverty School District	255.926	031080-121	-	68,895	68,895	-
Total General Aids			27,799	1,817,764	1,818,406	27,157
Per Pupil Aid	255.945	031080-113	-	787,262	787,262	-
Total Major Programs			27,799	3,010,323	3,010,965	27,157
Nonmajor State Programs:						
State Lunch	255.102	031080-107	-	4,131	4,131	-
Common School Fund	255.103	031080-104	-	48,235	48,235	-
Pupil Transportation	255.107	031080-102	-	78,556	78,556	-
Supplement Per Pupil Aid	255.245	031080-181	-	3,562	3,562	-
Early College Credit Program	255.445	031080-178	-	713	713	-
School Breakfast Program	255.344	031080-108	-	2,087	2,087	-
Achievement Gap Reduction	255.504	031080-160	-	353,430	353,430	-
Educator Effectiveness Grant	255.940	031080-154	4,320	4,500	4,320	4,500
High Cost Transportation Aid	255.947	031080-114	-	299,124	299,124	-
Career and Technical Education Incentive Grants	255.950	031080-152	-	6,696	6,696	-
Assessments of Reading Readiness	255.956	031080-166	-	1,463	1,463	-
<u>Wisconsin Department of Workforce Development</u>						
Youth Apprenticeship	445.107	CESA #11	2,022	2,375	2,022	2,375
Total Nonmajor Programs			6,342	804,872	804,339	6,875
Total State Financial Assistance			<u>\$ 34,141</u>	<u>\$ 3,815,195</u>	<u>\$ 3,815,304</u>	<u>\$ 34,032</u>

[1] District's 2019-2020 Net Aidable Costs Reported to DPI Totaled \$1,344,487

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2020**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 FOOD DISTRIBUTION**

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

**NOTE 4 INDIRECT COSTS**

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

**NOTE 5 MEDICAL ASSISTANCE**

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Chetek-Weyerhaeuser Area School District, Wisconsin (District) as of and for the year ended June 30, 2020, 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 12, 2020.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

### **Chetek-Weyerhaeuser Area School District's Response to Findings**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
November 12, 2020



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

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

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

We have audited the Chetek-Weyerhaeuser Area School District, Wisconsin's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. We have also audited the District's compliance with types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that are applicable to each of its major state programs (including federal programs required to be tested as major state programs) for the same period. The District's major federal programs and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each of the Major Federal and State Programs***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
November 12, 2020

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**PART I: SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major Federal programs:

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

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

Auditee qualified as low-risk auditee?        yes   X   no

**State Awards**

Internal control over major programs:

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

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

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

**State Awards (Continued)**

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.101	Handicapped Pupils and School Age Parents:
255.201, 255.203, 255.926	General Aids: General Equalization Aid, Special Adjustment Aid, and Aid for High Poverty School District
255.945	Per Pupil Aid

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

Auditee qualified as low-risk auditee?        yes   X   no

**Other Issues**

1. Do the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No
  
2. Does the auditors' report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
 

Department of Public Instruction	No
Department of Health Services	No
  
3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of Principal *April L. Anderson*  
April L. Anderson, CPA

5. Date of Report November 12, 2020



**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

**FINDING: 2020-001 Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)**

**Type of Finding:** Material Weakness

**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.

**Repeat Finding:** See 2019-001.

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

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

**FINDING: 2020-002 Limited Segregation of Duties**

**Type of Finding:** Material Weakness

**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.

**Repeat Finding:** See 2019-002.

**Recommendation:** The District should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

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

**CHETEK-WEYERHAEUSER AREA SCHOOL DISTRICT  
CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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

None.

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

None.

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

None.