

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Croix Central School District, Wisconsin (District) as of and for the year ended June 30, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

During fiscal year ended June 30, 2020, the District adopted GASB Statement No. 84 *Fiduciary Activities* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. As a result of the implementation of GASB Statement No. 84, the District reported a restatement for the change in accounting principle (see Note 4.G.) Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Management has omitted the 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual and combining fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, 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 is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Hudson, Wisconsin
November 11, 2020

BASIC FINANCIAL STATEMENTS

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2020**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 4,526,248
Taxes Receivable	2,276,489
Accounts Receivable	20,744
Due from Other Governments	399,189
Prepaid Expenses	20,072
Wisconsin Retirement System Net Pension Asset	2,076,563
Capital Assets:	
Capital Assets Not Being Depreciated	239,961
Capital Assets Being Depreciated	72,433,110
Accumulated Depreciation	<u>(22,772,787)</u>
Total Assets	59,219,589
DEFERRED OUTFLOWS OF RESOURCES	
Other Supplemental Pension Benefits Related	11,281
Other Postemployment Benefits Related	321,476
Wisconsin Retirement System Pension Related	4,577,439
Deferred Loss on Refunding	<u>145,620</u>
Total Deferred Outflows of Resources	5,055,816
LIABILITIES	
Accounts Payable	187,299
Accrued Interest Payable	274,935
Accrued Salaries and Wages	1,408,537
Payroll Taxes and Withholdings	480,082
Unearned Revenue	33,151
Long-Term Liabilities:	
Amounts Due Within One Year	2,349,193
Amounts Due In More than One Year	28,776,182
Other Post-Employment Benefits Liability	1,127,986
Other Supplemental Pension Benefits Liability	<u>229,565</u>
Total Liabilities	34,866,930
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	6,226,550
Other Post-Employment Benefits Related	13,010
Other Supplemental Pension Benefits Related	<u>30,998</u>
Total Deferred Inflows of Resources	<u>6,270,558</u>
NET POSITION	
Net Investment in Capital Assets	18,920,529
Restricted for:	
Debt Service	329,495
Capital Projects	53
Education Trust	381,010
Food Service	262,581
Community Service	401,242
Wisconsin Retirement System Net Pension Asset	2,076,563
Unrestricted	<u>766,444</u>
Total Net Position	<u><u>\$ 23,137,917</u></u>

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Total Governmental Activities
Primary Government:				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 10,945,849	\$ 2,078,020	\$ 129,094	\$ (8,738,735)
Vocational Instruction	548,751	125,797	13,859	(409,095)
Special Instruction	382,600	20,867	774,640	412,907
Other Instruction	847,670	283,907	5,748	(558,015)
Total Instruction	12,724,870	2,508,591	923,341	(9,292,938)
Support Services:				
Pupil Services	981,088	2,087	109,972	(869,029)
Instructional Staff Services	1,340,902	900	201,416	(1,138,586)
General Administration Services	285,504	-	400	(285,104)
Building Administration Services	1,329,671	-	-	(1,329,671)
Business Services	550,528	-	23,900	(526,628)
Operation and Maintenance of Plant	2,603,825	14,498	46,520	(2,542,807)
Pupil Transportation Services	636,224	3,556	65,651	(567,017)
Food Service	711,609	360,705	346,287	(4,617)
Central Services	308,136	-	-	(308,136)
Insurance and Judgments	224,955	-	-	(224,955)
Interest and Fiscal Fees	920,651	-	-	(920,651)
Other Support Services	711,633	-	32,810	(678,823)
Community Services	299,914	306,887	12,576	19,549
Post-Secondary Scholarship	17,315	-	-	(17,315)
Depreciation - Unallocated *	1,072,378	-	-	(1,072,378)
Total Support Services	11,994,333	688,633	839,532	(10,466,168)
Total Primary Government	\$ 24,719,203	\$ 3,197,224	\$ 1,762,873	(19,759,106)
General Revenues:				
Taxes:				
				3,488,060
				4,054,427
				70,000
State and Federal Aids Not Restricted to Specific Functions:				
				11,781,399
				1,283,306
				42,389
				445,079
				21,164,660
Change in Net Position				1,405,554
Net Position - Beginning of Year				21,484,614
Change in Accounting Principle (See Note 4.G)				247,749
Net Position - Beginning of Year (Restated)				21,732,363
Net Position - End of Year				\$ 23,137,917

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

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 2,851,495	\$ 604,430	\$ -	\$ 1,070,323	\$ 4,526,248
Taxes Receivable	2,276,489	-	-	-	2,276,489
Accounts Receivable	14,040	-	-	6,704	20,744
Due from Other Governments	399,189	-	-	-	399,189
Prepaid Expenses	19,062	-	-	1,010	20,072
	<u>19,062</u>	<u>-</u>	<u>-</u>	<u>1,010</u>	<u>20,072</u>
Total Assets	<u>\$ 5,560,275</u>	<u>\$ 604,430</u>	<u>\$ -</u>	<u>\$ 1,078,037</u>	<u>\$ 7,242,742</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 187,299	\$ -	\$ -	\$ -	\$ 187,299
Accrued Salaries and Wages	1,408,537	-	-	-	1,408,537
Payroll Taxes and Withholdings	480,082	-	-	-	480,082
Unearned Revenue	-	-	-	33,151	33,151
Total Liabilities	<u>2,075,918</u>	<u>-</u>	<u>-</u>	<u>33,151</u>	<u>2,109,069</u>
Fund Balances:					
Nonspendable	19,062	-	-	1,010	20,072
Restricted	81	604,430	-	1,043,876	1,648,387
Unassigned	3,465,214	-	-	-	3,465,214
Total Fund Balances	<u>3,484,357</u>	<u>604,430</u>	<u>-</u>	<u>1,044,886</u>	<u>5,133,673</u>
Total Liabilities and Fund Balances	<u>\$ 5,560,275</u>	<u>\$ 604,430</u>	<u>\$ -</u>	<u>\$ 1,078,037</u>	<u>\$ 7,242,742</u>

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL FUNDS
JUNE 30, 2020**

Total Fund Balances - Governmental Funds \$ 5,133,673

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

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

Capital Assets	\$ 72,673,071	
Accumulated Depreciation	<u>(22,772,787)</u>	49,900,284

Wisconsin Retirement System (WRS) Pension Plan:
The District's Net Pension Plan Asset and related deferred inflows and outflows are recorded only on the Statement of Net Position.
Balances at year-end are:

Net WRS Pension Asset	2,076,563	
Deferred Outflows of Resources - WRS Pension Related	4,577,439	
Deferred Inflows of Resources - WRS Pension Related	<u>(6,226,550)</u>	427,452

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

General Obligation Bonds Payable	(29,760,000)	
General Obligation Notes Payable	(825,000)	
Capital Leases Payable	(18,326)	
Other Post-Employment Benefits Payable	(1,127,986)	
Supplemental Pension Plan Benefits Payable	(229,565)	
Deferred Outflows of Resources - OPEB Related	321,476	
Deferred Outflows of Resources - Supplemental Pension Related	11,281	
Deferred Inflows of Resources - OPEB Related	(13,010)	
Deferred Inflows of Resources - Supplemental Pension Related	(30,998)	
Accrued Interest Payable	<u>(274,935)</u>	(31,947,063)

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

Unamortized Bond Premiums		(522,049)
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Deferred amounts from refunding debt due to the difference between the reacquisition price required to pay refunded debt and the net carrying amount of the refunded debt

		<u>145,620</u>
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Net Position of Governmental Activities \$ 23,137,917

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
REVENUES					
Local Sources:					
Property Taxes	\$ 3,464,052	\$ 4,054,427	\$ -	\$ 70,000	\$ 7,588,479
Other Local Sources	254,121	-	-	1,016,901	1,271,022
Interdistrict Sources	2,404,523	-	-	-	2,404,523
Intermediate Sources	25,485	-	-	-	25,485
State Sources	13,968,465	-	-	11,261	13,979,726
Federal Sources	470,206	-	-	335,025	805,231
Other Sources	50,037	-	-	254	50,291
Total Revenues	<u>20,636,889</u>	<u>4,054,427</u>	<u>-</u>	<u>1,433,441</u>	<u>26,124,757</u>
EXPENDITURES					
Instruction:					
Regular Instruction	10,653,144	-	-	183,466	10,836,610
Vocational Instruction	519,394	-	-	26,258	545,652
Special Instruction	390,559	-	-	-	390,559
Other Instruction	782,460	-	-	67,909	850,369
Support Services:					
Pupil Services	977,746	-	-	8,436	986,182
Instructional Staff Services	1,335,919	-	-	9,660	1,345,579
General Administration	286,636	-	-	-	286,636
School Building Administration	1,333,293	-	-	-	1,333,293
Business Services	549,457	-	-	-	549,457
Operation and Maintenance of Plant	1,912,820	-	80	-	1,912,900
Pupil Transportation Services	604,109	-	-	-	604,109
Food Service	-	-	-	700,220	700,220
Central Services	154,703	-	-	-	154,703
Insurance and Judgments	224,955	-	-	-	224,955
Debt Service	21,666	4,077,733	-	-	4,099,399
Other Support Services	699,792	-	-	-	699,792
Community Services	-	-	-	299,098	299,098
Post-Secondary Scholarship	-	-	-	17,315	17,315
Total Expenditures	<u>20,446,653</u>	<u>4,077,733</u>	<u>80</u>	<u>1,312,362</u>	<u>25,836,828</u>
NET CHANGE IN FUND BALANCES	190,236	(23,306)	(80)	121,079	287,929
Fund Balances, Beginning of Year	3,294,121	627,736	80	676,058	4,597,995
Change in Accounting Principle	-	-	-	247,749	247,749
Fund Balances, Beginning of Year - Restated	<u>3,294,121</u>	<u>627,736</u>	<u>80</u>	<u>923,807</u>	<u>4,845,744</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,484,357</u>	<u>\$ 604,430</u>	<u>\$ -</u>	<u>\$ 1,044,886</u>	<u>\$ 5,133,673</u>

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 287,929

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	\$ 143,109	
Depreciation Expense Reported in the Statement of Activities	<u>(2,279,843)</u>	(2,136,734)

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

Net Change in Wisconsin Retirement Net Pension Asset/Liability	(45,440)	
Net Change in Other Post-Employment Benefits Payable	158,229	
Net Change in Supplemental Pension Plan Benefits Payable	<u>(37,178)</u>	75,611

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:

3,113,703

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

Amortization of Debt Premium	91,938	
Net Change in Accrued Interest Payable	<u>32,695</u>	124,633

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

(59,588)

Change in Net Position of Governmental Activities \$ 1,405,554

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	<u>Private Purpose Trust Fund</u>
ASSETS	
Cash and Investments	\$ -
LIABILITIES	<u>-</u>
NET POSITION	
Restricted	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020**

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Local Sources:	
Gifts	\$ -
DEDUCTIONS	
Trust Fund Disbursements	<u>-</u>
CHANGE IN NET POSITION	-
Net Position, Beginning of Year	19,810
Change in Accounting Principle	<u>(19,810)</u>
Net Position, Beginning of Year - Restated	<u>-</u>
NET POSITION, END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

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

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

C. Government-Wide and Fund Financial Statements

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

Government-Wide Statements

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

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

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

The District has the following major governmental funds:

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

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

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

Additionally, the District reports the following fiduciary fund:

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, 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; however, they use the accrual basis of accounting.

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

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

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

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

Property taxes are recognized as revenue in the period for which taxes are levied. The 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.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

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

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

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

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Deferred Outflows of Resources

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

6. Deferred Inflows of Resources

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

7. Supplemental Pension Plan

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

8. Wisconsin Retirement System Pension Benefits

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Long-Term Obligations

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

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

10. Use of Restricted Resources

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

11. Equity Classifications

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

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

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties or enabling legislation. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Equity Classifications (Continued)

Fund Financial Statements (Continued). Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. It is the District's policy that at the end of each fiscal year, the District will maintain unassigned portion of fund balance for cash flow of at least 17% to 19% of General Fund expenditures. Only the general fund may have a positive unassigned fund balance.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTIBILITY

For fiscal year 2020, the expenditures exceeded the budgeted amount for expenditures as shown below:

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	\$ 5,582,346	\$ 5,522,346	\$ 5,600,868	\$ (78,522)
Regular Curriculum	4,325,650	4,003,650	4,087,379	(83,729)
Vocational Curriculum	480,050	480,050	519,394	(39,344)
Special Education Curriculum	174,146	174,146	276,226	(102,080)
Other Special Needs	31,011	31,011	35,784	(4,773)
Support Services:				
Pupil Services	871,817	871,817	977,746	(105,929)
Instructional Staff Services	999,262	1,149,262	1,335,919	(186,657)
General Administration	270,366	270,366	286,636	(16,270)
School Building Administration	1,212,291	1,212,291	1,333,293	(121,002)
Business Administration	2,829,058	2,884,058	3,114,614	(230,556)
Central Services	332,798	102,798	154,703	(51,905)
Insurance and Judgments	188,727	188,727	224,955	(36,228)
Non-Program:				
Purchased Instructional Services	972,307	972,307	1,043,446	(71,139)
Other Non-Program	21,200	21,200	41,945	(20,745)

Management of the District has concluded these overages are necessary.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

Governmental Funds	\$ 4,526,248
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The above balances at June 30, 2020 consisted of the following:

Deposits at Financial Institutions	\$ 4,526,248
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Deposits at Financial Institutions

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the 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, none of the District deposits were exposed to custodial credit risk.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 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 Not Being Depreciated				
Land	\$ 239,961	\$ -	\$ -	\$ 239,961
Capital Assets, Being Depreciated				
Land Improvements	1,506,525	-	-	1,506,525
Buildings and Improvements	64,934,755	58,191	(3,957)	64,988,989
Furniture and Equipment	5,896,818	84,918	(44,140)	5,937,596
Total Capital Assets, Being Depreciated	72,338,098	143,109	(48,097)	72,433,110
Accumulated Depreciation for				
Land Improvements	1,019,729	41,403	-	1,061,132
Buildings and Improvements	15,856,655	1,386,658	(3,957)	17,239,356
Furniture and Equipment	3,664,657	851,782	(44,140)	4,472,299
Total Accumulated Depreciation	20,541,041	2,279,843	(48,097)	22,772,787
Total Capital Assets, Being Depreciated, Net	51,797,057	(2,136,734)	-	49,660,323
Governmental Activities Capital Assets, Net	\$ 52,037,018	\$ (2,136,734)	\$ -	\$ 49,900,284

Depreciation was charged to governmental functions as follows:

Instruction:	
Regular Instruction	\$ 148,222
Vocational Instruction	5,808
Special Instruction	4,893
Other Instruction	20,693
Support Services:	
Instructional Staff Services	15,283
General Administrative Services	60
Building Administrative Services	1,727
Business Services	3,905
Operation and Maintenance of Plant	764,980
Pupil Transportation Services	64,890
Food Service	21,284
Central Services	153,670
Community Services	2,050
Unallocated Depreciation	1,072,378
Total Depreciation for Governmental Activities	\$ 2,279,843

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transfers

The District did not have any interfund balances as of 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:

	<u>Balances July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2020</u>	<u>Amounts Due Within One Year</u>
General Obligation Debt:					
General Obligation Bonds	\$ 31,465,000	\$ -	\$ 1,705,000	\$ 29,760,000	\$ 1,255,000
Notes from Direct Borrowings and Direct Placements	2,215,863	-	1,390,863	825,000	825,000
Bond Premiums	613,987	-	91,938	522,049	-
Total General Obligation Debt	<u>34,294,850</u>	<u>-</u>	<u>3,187,801</u>	<u>31,107,049</u>	<u>2,080,000</u>
Capital Leases	<u>36,166</u>	<u>-</u>	<u>17,840</u>	<u>18,326</u>	<u>18,326</u>
	<u>\$ 34,331,016</u>	<u>\$ -</u>	<u>\$ 3,205,641</u>	<u>\$ 31,125,375</u>	<u>\$ 2,098,326</u>

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

Defeasance of Debt

On June 15, 2020, the District partially defeased General Obligation Refunding Bonds, dated April 18, 2012, by placing cash in an irrevocable trust to provide for a future debt service payments on the old bond with a maturity date of March 1, 2025. The trust is restricted to owning only monetary assets that are essentially risk-free as to the amount, timing, and collection of interest and principal. The monetary assets should be denominated in the currency in which the debt is payable. For debt denominated in U.S. dollars, essentially risk-free monetary assets are limited to: direct obligations of the U.S. government (including state and local government securities (SLGS) that the U.S. Treasury issues specifically to provide state and local governments with required cash flows at yields that do not exceed Internal Revenue Service (IRS) arbitrage limits); obligations guaranteed by the U.S. government; securities are backing by U.S. government obligations as collateral and for which interest and principal payments on the collateral generally flow immediately through the security holder. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. On June 30, 2020, \$497,406 of the bonds are considered defeased. The economic gain resulting from this defeasance was \$18,486.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt

Individual general obligation long-term debt issues outstanding at June 30, 2020 and future principal and interest requirements for their retirement at that date were as follows:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Amount Outstanding
General Obligation Bonds:					
Refunding Bonds	4/18/12	3/1/25	2.00% - 2.60%	\$ 8,525,000	\$ 3,575,000
Refunding Bonds	3/1/13	3/1/32	2.00% - 3.00%	10,000,000	6,640,000
Refunding Bonds	3/2/15	3/1/35	3.50%	9,955,000	9,955,000
Refunding Bonds	4/1/15	3/1/30	2.00% - 3.00%	10,000,000	9,590,000
General Obligation Notes:					
Promissory Notes	1/5/16	9/1/21	2.00% - 3.00%	3,995,000	825,000
					<u>\$ 30,585,000</u>

Annual debt service fund cash flow requirements for retirement of the above long-term debt principal and interest at June 30, 2020 were as follows:

Fiscal Year Ending June 30	Bonded Debt		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2021	\$ 1,255,000	\$ 862,993	\$ 825,000	\$ 24,750	\$ 2,967,743
2022	1,840,000	830,193	-	-	2,670,193
2023	1,880,000	790,093	-	-	2,670,093
2024	1,925,000	749,018	-	-	2,674,018
2025	1,970,000	706,918	-	-	2,676,918
2026-2030	9,680,000	2,771,100	-	-	12,451,100
2031-2035	11,210,000	1,206,100	-	-	12,416,100
Total	<u>\$ 29,760,000</u>	<u>\$ 7,916,415</u>	<u>\$ 825,000</u>	<u>\$ 24,750</u>	<u>\$ 38,526,165</u>

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$766,236,555. 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 follows:

Debt Limit (10% of \$766,236,555)	\$ 76,623,656
Deduct Long-Term Debt Applicable to Debt Margin	<u>30,585,000</u>
Margin of Indebtedness	<u>\$ 46,038,656</u>

Security and Default: The District's outstanding notes from direct borrowings and direct placements and bonds payable are backed by the full faith and credit of the District. Bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Capital Lease

At June 30, 2020, the District had one capital lease outstanding with Santander Bank for the purchase of a passenger conventional bus. The lease agreement was dated June 20, 2016 in the amount of \$90,916. Accumulated depreciation recorded for this item is \$45,458 at June 30, 2020. Future lease payment requirements under the capital leases and the present value of the lease payments at June 30, 2020 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2021	\$ 18,824
Less: Amount Representing Interest	498
Present Value Net Minimum Lease Payments	<u><u>\$ 18,326</u></u>

E. Short-Term Debt

The District maintains a line of credit, secured by taxes and other revenues, with Citizens State Bank to be used for cash flow purposes. The District renewed their line of credit on March 16, 2020 with a maximum draw limit of \$600,000. This line of credit accrued interest at 3.50 percent and expired on June 16, 2020. Interest expense on short-term borrowing for the year totaled \$400. Notes outstanding at year end include:

	<u>Issue Date</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Balance June 30, 2019</u>
Short-Term Notes Payable:				
Promissory Note	3/16/2020	3.5%	6/16/2020	\$ -

Activity during the year is summarized as follows:

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
Major Funds:				
General Fund				
Prepaid Items	\$ 19,062	\$ 19,062	\$ -	\$ -
Restricted - Common School Fund	81	-	81	-
Unassigned	3,465,214	-	-	3,465,214
Subtotal General Fund	<u>3,484,357</u>	<u>19,062</u>	<u>81</u>	<u>3,465,214</u>
Debt Service Payments	604,430	-	604,430	-
Nonmajor Funds:				
Special Revenue Funds:				
Education Trust Fund	381,010	-	381,010	-
Food Service Program	262,581	-	262,581	-
Community Services Programs	401,242	1,010	400,232	-
Capital Projects Fund:				
Capital Improvement Trust Fund	53	-	53	-
Subtotal Nonmajor Funds	<u>1,044,886</u>	<u>1,010</u>	<u>1,043,876</u>	<u>-</u>
Total Governmental Funds Balances at June 30, 2020	<u>\$ 5,133,673</u>	<u>\$ 20,072</u>	<u>\$ 1,648,387</u>	<u>\$ 3,465,214</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 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF issued a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

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NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

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

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

The WRS also provides death and disability benefits for employees.

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.

**ST. CROIX CENTRAL SCHOOL DISTRICT
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NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

Post-Retirement Adjustments (Continued). 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)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the District's reporting period of July 1, 2019 through June 30, 2020, the WRS recognized \$726,793 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%

Pension Liability (Asset), 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 \$2,076,563 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 and rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net 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 0.06440041%, which was an increase of 0.00274531% from its proportion measured as of December 31, 2018.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
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NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

For the year ended June 30, 2020, the District recognized pension expense of \$773,528.

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
Differences Between Expected and Actual Experience	\$ 3,941,791	\$ (1,972,602)
Changes of Assumptions	161,819	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(4,245,234)
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	17,866	(8,714)
District Contributions Subsequent to the Measurement Date	455,963	-
Total	<u>\$ 4,577,439</u>	<u>\$ (6,226,550)</u>

\$455,963 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 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:

Year Ended June 30:	Pension Expense Amount
2021	\$ (628,103)
2022	(465,945)
2023	77,674
2024	(1,088,700)

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
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NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

Actuarial Valuation Date:	December 31, 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%
Salary Increases:	3.2% to 8.8% including inflation
Inflation:	2.0% to 2.7% - approximate; no explicit price inflation assumption is used in this valuation
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.

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
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NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	N/A	N/A	70%	4.6%
International Equity	N/A	N/A	30%	5.3%
Global Equities	49.0%	5.5%	N/A	N/A
Fixed Income	24.5%	1.5%	N/A	N/A
Inflation Sensitive Assets	15.5%	1.3%	N/A	N/A
Real Estate	9.0%	3.9%	N/A	N/A
Private Equity/Debt	8.0%	6.7%	N/A	N/A
Multi-Asset	4.0%	4.1%	N/A	N/A
Cash	-10.0%	0.9%	N/A	N/A
Totals	<u>100%</u>		<u>100%</u>	

Discount rate. A single discount rate of 7.00% was used to measure the total pension liability 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%. 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.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,347,521	\$ (2,076,563)	\$ (7,626,920)

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>.

B. Single-Employer Other Postemployment Benefits (OPEB)

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Plan description

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

Benefits provided

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

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

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

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

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

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Benefits provided (Continued)

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

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

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

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

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

Minimum of 10 Years of Service: Eligible retirees will receive an HRA equal to \$3,000 paid out in \$500 installments over a period of 6 years. Minimum of 20 years of service: Eligible retirees will receive an HRA equal to \$500 per year over a period of 6 years. The HRA funds are not allowed to be used for payment of premiums or other eligible expenses on the District's group medical plan.

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	21
Inactive plan members entitled to but not yet receiving benefit payments	96
Active plan members	145
	262
	262

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Actuarial Assumptions

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

Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2019
Reporting Date:	June 30, 2020
Actuary Cost Method:	Entry Age
Amortization Method:	Level Percent of Salary
Asset Valuation Method:	Market Value
Inflation:	2.5%
Healthcare Cost Trend Rates	7.5% decreasing by .50% per year down to 6.50%, then by .10 per year down to 5.0%, and level thereafter
Discount Rate:	3.50%
Salary Increases:	3.0%
Investment Rate of Return:	3.0%
Plan Participation:	70% of future retirees
Mortality:	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)

A discount rate of 3.50 percent was used in calculating the District's OPEB liabilities and is based on the Bond Buyer 20-Year AA Bond Index published by the Federal Reserve as the week of the measurement date.

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

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2018	\$ 1,351,464
Changes for the year:	
Service Cost	34,313
Interest	45,450
Changes of Assumptions or Other Input	10,010
Benefit Payments	(313,251)
Net Changes	<u>(223,478)</u>
Balances at June 30, 2019	<u>\$ 1,127,986</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

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

		1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	6/30/19	<u>\$ 1,168,952</u>	<u>\$ 1,127,986</u>	<u>\$ 1,088,531</u>

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

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

		1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	6/30/19	<u>\$ 1,103,700</u>	<u>\$ 1,127,986</u>	<u>\$ 1,156,046</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$83,674. At June 30, 2020, the District reported the following deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 67,116	\$ -
Changes of Assumptions or Other Input	12,457	(13,010)
Benefit Payments Made Subsequent to the Measurement Date	241,903	-
Total	<u>\$ 321,476</u>	<u>\$ (13,010)</u>

\$241,903 reported as deferred outflows of resources related to OPEB resulting from District benefit payments made subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2021.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
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JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

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

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

<u>Year Ended June 30:</u>	<u>OPEB Expense Amount</u>
2020	\$ 3,911
2021	3,911
2022	3,911
2023	3,913
2024	7,164
Thereafter	43,753

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

C. Single-Employer Supplemental Pension Plan

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

Plan description

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

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

Inactive plan members entitled to but not yet receiving benefit payments	100
Active plan members	13
	113

Benefits provided

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Single-Employer Supplemental Pension Plan (Continued)

Total Pension Liability

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

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

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

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation and has a measurement date as of June 30, 2019. At June 30, 2020, the District reported a total pension liability of \$229,565. Changes in the District's total pension liability were as follows:

	Total Pension Liability (a)
Total Pension Liability - June 30, 2018	\$ 211,450
Changes for the Year:	
Service Cost	13,972
Interest	8,069
Benefit Payments	(6,500)
Changes of Assumptions of Other Input	2,574
Net Changes	18,115
Total Pension Liability - June 30, 2019	\$ 229,565

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Supplemental Pension Plan (Continued)

Pension Costs

For the year ended June 30, 2020, the District recognized pension expense of \$18,424. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (24,638)
Changes of Assumptions or Other Input	2,317	(6,360)
District Payment of Benefits Subsequent to the Measurement Date	8,964	-
Total	<u>\$ 11,281</u>	<u>\$ (30,998)</u>

\$8,964 reported as deferred outflows of resources related to OPEB resulting from District payment of benefits subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2021.

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

Year Ended June 30:	Pension Expense Amount
2020	\$ (3,617)
2021	(3,617)
2022	(3,617)
2023	(3,617)
2024	(3,617)
Thereafter	(10,596)

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
Reporting Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal (Level Percent of Salary)
Discount Rate:	3.50%
Salary Increases:	3.0%
Actuarial Assumptions:	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14.
Mortality:	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Supplemental Pension Plan (Continued)

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 percent.

Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 3.50 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50 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	6/30/19	<u>\$ 240,079</u>	<u>\$ 229,565</u>	<u>\$ 219,408</u>

D. Limitation on School District Revenues

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

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

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

E. Risk Management

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Contingencies

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

G. Change in Accounting Principle

During the year ended June 30, 2020, the District adopted GASB Statement No. 84 *Fiduciary Activities*. This pronouncement requires the restatement of the June 30, 2019 net position of the governmental activities and fund balance of the Other Governmental Funds to move certain activity out of the fiduciary activities into the governmental funds shown as follows:

	Governmental Activities	Other Governmental Funds	Private Purpose Trust Fund
Net Position/Fund Balance, June 30, 2019, as Previously Reported	\$ 21,484,614	\$ 111,193	\$ 19,810
GASB 84 Implementation	247,749	247,749	(19,810)
Net Position/Fund Balance, June 30, 2019, as Restated	<u>\$ 21,732,363</u>	<u>\$ 358,942</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
COMBINED BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 3,177,785	\$ 3,177,785	\$ 3,464,052	\$ 286,267
Other Local Sources	255,800	285,800	254,121	(31,679)
Interdistrict Sources	1,829,338	1,854,338	2,404,523	550,185
Intermediate Sources	10,250	10,250	25,485	15,235
State Sources	13,612,175	13,687,175	13,968,465	281,290
Federal Sources	417,657	427,657	470,206	42,549
Other Sources	45,000	45,000	50,037	5,037
Total Revenues	<u>19,348,005</u>	<u>19,488,005</u>	<u>20,636,889</u>	<u>1,148,884</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	5,582,346	5,522,346	5,600,868	(78,522)
Regular Curriculum	4,325,650	4,003,650	4,087,379	(83,729)
Vocational Curriculum	480,050	480,050	519,394	(39,344)
Physical Curriculum	296,310	296,310	289,262	7,048
Special Education Curriculum	174,146	174,146	276,226	(102,080)
Co-Curricular Activities	476,571	522,571	493,198	29,373
Other Special Needs	31,011	31,011	35,784	(4,773)
Total Instruction	<u>11,366,084</u>	<u>11,030,084</u>	<u>11,302,111</u>	<u>(272,027)</u>
Support Services:				
Pupil Services	871,817	871,817	977,746	(105,929)
Instructional Staff Services	999,262	1,149,262	1,335,919	(186,657)
General Administration	270,366	270,366	286,636	(16,270)
School Building Administration	1,212,291	1,212,291	1,333,293	(121,002)
Business Administration	2,829,058	2,884,058	3,114,614	(230,556)
Central Services	332,798	102,798	154,703	(51,905)
Insurance and Judgments	188,727	188,727	224,955	(36,228)
Debt Services	21,824	21,824	21,666	158
Other Support Services	137,271	638,271	609,619	28,652
Total Support Services	<u>6,863,414</u>	<u>7,339,414</u>	<u>8,059,151</u>	<u>(719,737)</u>
Non-Program:				
Purchased Instructional Services	972,307	972,307	1,043,446	(71,139)
Other Non-Program	21,200	21,200	41,945	(20,745)
Total Non-Program	<u>993,507</u>	<u>993,507</u>	<u>1,085,391</u>	<u>(91,884)</u>
Total Expenditures	<u>19,223,005</u>	<u>19,363,005</u>	<u>20,446,653</u>	<u>(1,083,648)</u>
NET CHANGE IN FUND BALANCE	125,000	125,000	190,236	65,236
Fund Balance, Beginning of Year	<u>3,294,121</u>	<u>3,294,121</u>	<u>3,294,121</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 3,419,121</u></u>	<u><u>\$ 3,419,121</u></u>	<u><u>\$ 3,484,357</u></u>	<u><u>\$ 65,236</u></u>

See accompanying Notes to Required Supplementary Information

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

	Measurement Date, December 31,					
	2014	2015	2016	2017	2018	2019
District's proportion of the net pension liability (asset)	0.05554143%	0.05650133%	0.05713123%	0.05875816%	0.06165510%	0.06440041%
District's proportionate share of the net pension liability (asset)	\$ (1,364,249)	\$ 918,136	\$ 470,898	\$ (1,744,599)	\$ 2,193,495	\$ (2,076,563)
District's covered payroll	7,885,283	8,034,165	8,303,698	8,435,197	9,682,346	10,667,408
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-17.30%	11.43%	5.67%	-20.68%	22.65%	-19.47%
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%

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

See accompanying Notes to Required Supplementary Information

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

	Fiscal Year Ended June 30,					
	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 552,388	\$ 554,192	\$ 567,216	\$ 652,322	\$ 694,169	\$ 698,716
Contributions in Relation to the Contractually Required Contributions	(552,388)	(554,192)	(567,216)	(652,322)	(694,169)	(698,716)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,034,165	\$ 8,303,698	\$ 8,435,197	\$ 9,682,346	\$ 10,506,988	\$ 10,889,812
Contributions as a Percentage of Covered Payroll	6.88%	6.67%	6.72%	6.74%	6.61%	6.42%

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

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

See accompanying Notes to Required Supplementary Information

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

Measurement Date: June 30,	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB Liability				
Service Cost	\$ 19,732	\$ 19,732	\$ 18,252	\$ 34,313
Interest	70,879	51,691	47,996	45,450
Differences Between Expected and Actual Experience	-	-	79,320	-
Changes of Assumptions	-	(22,769)	3,801	10,010
Benefit Payments	(981,374)	(479,048)	(320,199)	(313,251)
Net Change in Total OPEB Liability	<u>(890,763)</u>	<u>(430,394)</u>	<u>(170,830)</u>	<u>(223,478)</u>
Total OPEB Liability - Beginning	2,843,451	1,952,688	1,522,294	1,351,464
Total OPEB Liability - Ending (a)	<u>\$ 1,952,688</u>	<u>\$ 1,522,294</u>	<u>\$ 1,351,464</u>	<u>\$ 1,127,986</u>
Covered Employee Payroll	\$ 2,078,901	\$ 2,078,901	\$ 10,064,849	10,064,849
District's Net OPEB Liability as a Percentage of Covered Employee Payroll	93.93%	73.23%	13.43%	11.21%

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

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 criteria of GASB No. 75, paragraph 4.

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

Measurement Date: June 30,	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Total Pension Liability</u>				
Service Cost	\$ 18,237	\$ 18,237	\$ 17,154	\$ 13,972
Interest	7,239	6,756	8,133	8,069
Benefit Payments	(70,378)	(12,750)	(9,224)	(6,500)
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	(30,798)	-
Changes of Assumptions	-	(6,308)	(2,213)	2,574
Net Change in Total Pension Liability	<u>(44,902)</u>	<u>5,935</u>	<u>(16,948)</u>	<u>18,115</u>
Total Pension Liability - Beginning	<u>267,365</u>	<u>222,463</u>	<u>228,398</u>	<u>211,450</u>
Total Pension Liability - Ending (a)	<u><u>\$ 222,463</u></u>	<u><u>\$ 228,398</u></u>	<u><u>\$ 211,450</u></u>	<u><u>\$ 229,565</u></u>
 Covered Employee Payroll	 \$ 2,481,107	 \$ 2,481,107	 \$ 3,428,284	 \$ 3,428,284
Net Pension Liability as a Percentage of Covered Employee Payroll	8.97%	9.21%	6.17%	6.70%

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

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, 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 one digit function level in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

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

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

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
COMBINING BUDGETARY COMPARISON SCHEDULE
FUND 10 AND FUND 27
JUNE 30, 2020**

	Original Budgets				Final Budgets				Actuals			
	Fund 10	Fund 27	Elimination	Totals	Fund 10	Fund 27	Elimination	Totals	Fund 10	Fund 27	Elimination	Totals
	General	Special			General	Special			General	Special		
	Fund	Education Fund	Adjustments		Fund	Education Fund	Adjustments		Fund	Education Fund	Adjustments	
REVENUES												
Local Sources:												
Property Taxes	\$ 3,177,785	\$ -	\$ -	\$ 3,177,785	\$ 3,177,785	\$ -	\$ -	\$ 3,177,785	\$ 3,464,052	\$ -	\$ -	\$ 3,464,052
Other Local Sources	255,200	600	-	255,800	285,200	600	-	285,800	250,691	3,430	-	254,121
Interdistrict Sources	1,784,338	45,000	-	1,829,338	1,809,338	45,000	-	1,854,338	2,374,512	30,011	-	2,404,523
Intermediate Sources	5,250	5,000	-	10,250	5,250	5,000	-	10,250	18,485	7,000	-	25,485
State Sources	12,947,175	665,000	-	13,612,175	13,022,175	665,000	-	13,687,175	13,295,368	673,097	-	13,968,465
Federal Sources	84,155	333,502	-	417,657	94,155	333,502	-	427,657	102,202	368,004	-	470,206
Other Sources	45,000	-	-	45,000	45,000	-	-	45,000	50,037	-	-	50,037
Total Revenues	18,298,903	1,049,102	-	19,348,005	18,438,903	1,049,102	-	19,488,005	19,555,347	1,081,542	-	20,636,889
EXPENDITURES												
Instruction:												
Undifferentiated Curriculum	3,453,018	2,129,328	-	5,582,346	3,393,018	2,129,328	-	5,522,346	3,463,581	2,137,287	-	5,600,868
Regular Curriculum	4,325,650	-	-	4,325,650	4,003,650	-	-	4,003,650	4,087,379	-	-	4,087,379
Vocational Curriculum	480,050	-	-	480,050	480,050	-	-	480,050	519,394	-	-	519,394
Physical Curriculum	296,310	-	-	296,310	296,310	-	-	296,310	289,262	-	-	289,262
Special Education Curriculum	-	174,146	-	174,146	-	174,146	-	174,146	-	276,226	-	276,226
Co-Curricular Activities	476,571	-	-	476,571	522,571	-	-	522,571	493,198	-	-	493,198
Other Special Needs	31,011	-	-	31,011	31,011	-	-	31,011	35,784	-	-	35,784
Total Instruction	9,062,610	2,303,474	-	11,366,084	8,726,610	2,303,474	-	11,030,084	8,888,598	2,413,513	-	11,302,111
Support Services:												
Pupil Services	598,717	273,100	-	871,817	598,717	273,100	-	871,817	661,414	316,332	-	977,746
Instructional Staff Services	755,343	243,919	-	999,262	905,343	243,919	-	1,149,262	1,105,473	230,446	-	1,335,919
General Administration	270,366	-	-	270,366	270,366	-	-	270,366	286,636	-	-	286,636
School Building Administration	1,212,291	-	-	1,212,291	1,212,291	-	-	1,212,291	1,333,293	-	-	1,333,293
Business Administration	2,772,129	56,929	-	2,829,058	2,827,129	56,929	-	2,884,058	3,026,238	88,376	-	3,114,614
Central Services	332,798	-	-	332,798	102,798	-	-	102,798	154,703	-	-	154,703
Insurance and Judgments	188,727	-	-	188,727	188,727	-	-	188,727	224,490	465	-	224,955
Debt Services	3,000	18,824	-	21,824	3,000	18,824	-	21,824	2,842	18,824	-	21,666
Other Support Services	137,271	-	-	137,271	638,271	-	-	638,271	609,619	-	-	609,619
Total Support Services	6,270,642	592,772	-	6,863,414	6,746,642	592,772	-	7,339,414	7,404,708	654,443	-	8,059,151
Non-Program:												
Purchased Instructional Services	940,360	31,947	-	972,307	940,360	31,947	-	972,307	964,897	78,549	-	1,043,446
Other Non-Program	10,000	11,200	-	21,200	10,000	11,200	-	21,200	33,040	8,905	-	41,945
Total Non-Program	950,360	43,147	-	993,507	950,360	43,147	-	993,507	997,937	87,454	-	1,085,391
Total Expenditures	16,283,612	2,939,393	-	19,223,005	16,423,612	2,939,393	-	19,363,005	17,291,243	3,155,410	-	20,446,653
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,015,291	(1,890,291)	-	125,000	2,015,291	(1,890,291)	-	125,000	2,264,104	(2,073,868)	-	190,236
OTHER FINANCING SOURCES (USES)												
Transfers In	-	1,890,291	(1,890,291)	-	-	1,890,291	(1,890,291)	-	-	2,073,868	(2,073,868)	-
Transfers Out	(1,890,291)	-	1,890,291	-	(1,890,291)	-	1,890,291	-	(2,073,868)	-	2,073,868	-
Total Other Financing Sources (Uses)	(1,890,291)	1,890,291	-	-	(1,890,291)	1,890,291	-	-	(2,073,868)	2,073,868	-	-
NET CHANGE IN FUND BALANCE	125,000	-	-	125,000	125,000	-	-	125,000	190,236	-	-	190,236
Fund Balance, Beginning of Year	3,294,121	-	-	3,294,121	3,294,121	-	-	3,294,121	3,294,121	-	-	3,294,121
FUND BALANCE, END OF YEAR	\$ 3,419,121	\$ -	\$ -	\$ 3,419,121	\$ 3,419,121	\$ -	\$ -	\$ 3,419,121	\$ 3,484,357	\$ -	\$ -	\$ 3,484,357

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 10
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 3,177,785	\$ 3,177,785	\$ 3,464,052	\$ 286,267
Other Local Sources	255,200	285,200	250,691	(34,509)
Interdistrict Sources	1,784,338	1,809,338	2,374,512	565,174
Intermediate Sources	5,250	5,250	18,485	13,235
State Sources	12,947,175	13,022,175	13,295,368	273,193
Federal Sources	84,155	94,155	102,202	8,047
Other Sources	45,000	45,000	50,037	5,037
Total Revenues	<u>18,298,903</u>	<u>18,438,903</u>	<u>19,555,347</u>	<u>1,116,444</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	3,453,018	3,393,018	3,463,581	(70,563)
Regular Curriculum	4,325,650	4,003,650	4,087,379	(83,729)
Vocational Curriculum	480,050	480,050	519,394	(39,344)
Physical Curriculum	296,310	296,310	289,262	7,048
Co-Curricular Activities	476,571	522,571	493,198	29,373
Other Special Needs	31,011	31,011	35,784	(4,773)
Total Instruction	<u>9,062,610</u>	<u>8,726,610</u>	<u>8,888,598</u>	<u>(161,988)</u>
Support Services:				
Pupil Services	598,717	598,717	661,414	(62,697)
Instructional Staff Services	755,343	905,343	1,105,473	(200,130)
General Administration	270,366	270,366	286,636	(16,270)
School Building Administration	1,212,291	1,212,291	1,333,293	(121,002)
Business Administration	2,772,129	2,827,129	3,026,238	(199,109)
Central Services	332,798	102,798	154,703	(51,905)
Insurance and Judgments	188,727	188,727	224,490	(35,763)
Debt Services	3,000	3,000	2,842	158
Other Support Services	137,271	638,271	609,619	28,652
Total Support Services	<u>6,270,642</u>	<u>6,746,642</u>	<u>7,404,708</u>	<u>(658,066)</u>
Non-Program:				
Purchased Instructional Services	940,360	940,360	964,897	(24,537)
Other Non-Program	10,000	10,000	33,040	(23,040)
Total Non-Program	<u>950,360</u>	<u>950,360</u>	<u>997,937</u>	<u>(47,577)</u>
Total Expenditures	<u>16,283,612</u>	<u>16,423,612</u>	<u>17,291,243</u>	<u>(867,631)</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,015,291	2,015,291	2,264,104	248,813
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,890,291)	(1,890,291)	(2,073,868)	(183,577)
NET CHANGE IN FUND BALANCE	125,000	125,000	190,236	65,236
Fund Balance, Beginning of Year	<u>3,294,121</u>	<u>3,294,121</u>	<u>3,294,121</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,419,121</u>	<u>\$ 3,419,121</u>	<u>\$ 3,484,357</u>	<u>\$ 65,236</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 27
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Other Local Sources	\$ 600	\$ 600	\$ 3,430	\$ 2,830
Interdistrict Sources	45,000	45,000	30,011	(14,989)
Intermediate Sources	5,000	5,000	7,000	2,000
State Sources	665,000	665,000	673,097	8,097
Federal Sources	333,502	333,502	368,004	34,502
Total Revenues	<u>1,049,102</u>	<u>1,049,102</u>	<u>1,081,542</u>	<u>32,440</u>
EXPENDITURES				
Instruction:				
Undifferentiated Curriculum	2,129,328	2,129,328	2,137,287	(7,959)
Special Education Curriculum	174,146	174,146	276,226	(102,080)
Total Instruction	<u>2,303,474</u>	<u>2,303,474</u>	<u>2,413,513</u>	<u>(110,039)</u>
Support Services:				
Pupil Services	273,100	273,100	316,332	(43,232)
Instructional Staff Services	243,919	243,919	230,446	13,473
Business Administration	56,929	56,929	88,376	(31,447)
Insurance and Judgments	-	-	465	(465)
Debt Service	18,824	18,824	18,824	-
Total Support Services	<u>592,772</u>	<u>592,772</u>	<u>654,443</u>	<u>(61,671)</u>
Non-Program:				
Purchased Instructional Services	31,947	31,947	78,549	(46,602)
Other Non-Program	11,200	11,200	8,905	2,295
Total Non-Program	<u>43,147</u>	<u>43,147</u>	<u>87,454</u>	<u>(44,307)</u>
Total Expenditures	<u>2,939,393</u>	<u>2,939,393</u>	<u>3,155,410</u>	<u>(216,017)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,890,291)	(1,890,291)	(2,073,868)	(183,577)
OTHER FINANCING SOURCES				
Transfers In	1,890,291	1,890,291	2,073,868	183,577
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds			Capital Improvement Trust Fund	Total Nonmajor Governmental Funds
	Education Trust	Food Service	Community Services		
ASSETS					
Cash and Investments	\$ 381,010	\$ 295,732	\$ 393,528	\$ 53	\$ 1,070,323
Accounts Receivable	-	-	6,704	-	6,704
Prepaid Expenses	-	-	1,010	-	1,010
	<u>-</u>	<u>-</u>	<u>1,010</u>	<u>-</u>	<u>1,010</u>
Total Assets	<u>\$ 381,010</u>	<u>\$ 295,732</u>	<u>\$ 401,242</u>	<u>\$ 53</u>	<u>\$ 1,078,037</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Unearned Revenue	\$ -	\$ 33,151	\$ -	\$ -	\$ 33,151
Fund Balances:					
Nonspendable	-	-	1,010	-	1,010
Restricted	381,010	262,581	400,232	53	1,043,876
Total Fund Balances	<u>381,010</u>	<u>262,581</u>	<u>401,242</u>	<u>53</u>	<u>1,044,886</u>
Total Liabilities and Fund Balances	<u>\$ 381,010</u>	<u>\$ 295,732</u>	<u>\$ 401,242</u>	<u>\$ 53</u>	<u>\$ 1,078,037</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds			Capital Improvement	Total Nonmajor
	Education Trust	Food Service	Community Services	Trust Fund	Governmental Funds
REVENUES					
Local Sources:					
Property Taxes	\$ -	\$ -	\$ 70,000	\$ -	\$ 70,000
Other Local Sources	335,112	362,325	319,463	1	1,016,901
State Sources	-	11,261	-	-	11,261
Federal Sources	-	335,025	-	-	335,025
Other Sources	-	254	-	-	254
Total Revenues	<u>335,112</u>	<u>708,865</u>	<u>389,463</u>	<u>1</u>	<u>1,433,441</u>
EXPENDITURES					
Instruction:					
Regular Instruction	183,466	-	-	-	183,466
Vocational Instruction	26,258	-	-	-	26,258
Other Instruction	67,909	-	-	-	67,909
Support Services:					
Pupil Services	8,436	-	-	-	8,436
Instructional Staff Services	9,660	-	-	-	9,660
Food Service	-	700,220	-	-	700,220
Community Services	-	-	299,098	-	299,098
Post-Secondary Scholarship	17,315	-	-	-	17,315
Total Expenditures	<u>313,044</u>	<u>700,220</u>	<u>299,098</u>	<u>-</u>	<u>1,312,362</u>
NET CHANGE IN FUND BALANCES	22,068	8,645	90,365	1	121,079
Fund Balances, Beginning of Year	111,193	253,936	310,877	52	676,058
Change in Accounting Principle	247,749	-	-	-	247,749
Fund Balances, Beginning of Year - Restated	<u>358,942</u>	<u>253,936</u>	<u>310,877</u>	<u>52</u>	<u>923,807</u>
FUND BALANCES, END OF YEAR	<u>\$ 381,010</u>	<u>\$ 262,581</u>	<u>\$ 401,242</u>	<u>\$ 53</u>	<u>\$ 1,044,886</u>

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
COMBINING BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2020**

	Referendum Debt Service	Non-Referendum Debt Service	Total
ASSETS			
Cash and Investments	\$ 494,475	\$ 109,955	\$ 604,430
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund Balances:			
Restricted	494,475	109,955	604,430
Total Liabilities and Fund Balances	\$ 494,475	\$ 109,955	\$ 604,430

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	Referendum Debt Service	Non-Referendum Debt Service	Total
REVENUES			
Local Sources:			
Property Taxes	\$ 2,805,195	\$ 1,249,232	\$ 4,054,427
EXPENDITURES			
Debt Service:			
Principal Retirement	2,030,000	1,065,863	3,095,863
Interest	779,926	190,044	969,970
Debt Issuance Costs	11,900	-	11,900
Total Expenditures	2,821,826	1,255,907	4,077,733
NET CHANGE IN FUND BALANCES	(16,631)	(6,675)	(23,306)
Fund Balances, Beginning of Year	511,106	116,630	627,736
FUND BALANCES, END OF YEAR	\$ 494,475	\$ 109,955	\$ 604,430

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT
YEAR ENDED JUNE 30, 2020**

SECTION I: AUTHORIZER INFORMATION

Authorizing Entity: St. Croix Central School District
Authorizer Address: 915 Davis Street, Hammond, WI 54015
Authorizer Contact Person: Stephani Posta
Contact Person Title: Virtual Education Principal
Contact Person Phone: 715-796-5383 ext. 1149
Contact Person Email: sposta@scc.k12.wi.us

SECTION II: CHARTER SCHOOL INFORMATION

Charter Schools Currently Under Contract:

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

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOL

For the 2019-20 school year, any students returning to St. Croix Virtual Academy will maintain current levels or show growth in their ratings on the state exams along with showing adequate progress on their online coursework for the year. Due to COVID-19, we were unable to compare the ratings from the 2018-19 Forward Exam and ACT Aspire. We also looked at the progress the students made on their online coursework through the past 12 months, and released any students that had not made adequate progress in a three-week time period over the course of a semester.

SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOL

St. Croix Valley Academy of Virtual Education is a virtual charter school contracted through the St. Croix Central School District. The annual budget is established by the Governance Council in conjunction with the St. Croix Central School District Business Office. The budget is established by estimating the number of students expected to open enroll into the virtual charter school. With an estimated enrollment of 250 students, a budget was adopted in the amount of \$543,036. At year end, revenues for the program in the 2019-20 school year totaled \$1,375,112 with expenditures totaling \$550,972. The difference between the total revenue and expenditures for the district resulted in a margin of \$824,140. This amount was used to offset other district expenditures.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
CHARTER SCHOOL AUTHORIZER ANNUAL REPORT (CONTINUED)
YEAR ENDED JUNE 30, 2020**

SECTION V: OTHER CONTRACT TERMS AND EXPECTATIONS (OPTIONAL)

None.

SECTION VI: AUTHORIZER OPERATING COSTS

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$ 8,858
EMPLOYEE BENEFITS	200	3,770
TOTAL		\$ 12,628

SECTION VII: SERVICES PROVIDED TO CHARTER SCHOOLS

SERVICES PROVIDED	FUNCTION CODE	COST
REGULAR CURRICULUM	120000	\$ 166,479
SPECIAL EDUCATION	150000	47,820
GUIDANCE	213000	55,099
INSTRUCTION RELATED TECHNOLOGY	221500	39,195
BUILDING ADMINISTRATION	240000	184,843
OTHER SERVICES		44,908
TOTAL		\$ 538,344

SINGLE AUDIT SECTION

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, 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
<u>U.S. Department of Agriculture</u>								
Wisconsin Department of Public Instruction:								
Child Nutrition Cluster:								
School Breakfast Program	10.553	WI DPI	* 2020-552422-DPI-SB-546	\$ -	\$ 831	\$ 24,034	\$ 24,865	\$ -
COVID 19 - School Breakfast Program	10.553	WI DPI	* 2020-552422-DPI-SB-546	-	-	49,892	49,892	-
Total School Breakfast Program				-	831	73,926	74,757	-
USDA Non-cash Commodities Program	10.555	WI DPI	* A001-00000-552422	-	-	50,255	50,255	-
School Milk Program	10.556	WI DPI	* 2020-552422-DPI-SMP-548	-	-	687	687	-
COVID 19 - School Milk Program	10.556	WI DPI	* 2020-552422-DPI-SMP-548	-	-	17	17	-
Total School Milk Program				-	-	704	704	-
National School Lunch Program	10.555	WI DPI	* 2020-407406-DPI-NSL-547	-	3,548	110,040	113,588	-
COVID 19 - National School Lunch Program	10.555	WI DPI	* 2020-407406-DPI-NSL-547	-	-	100,100	100,100	-
Total National School Lunch Program				-	3,548	210,140	213,688	-
Total Department of Agriculture				-	4,379	335,025	339,404	-
<u>U.S. Department of Education</u>								
Wisconsin Department of Public Instruction:								
ESEA Title I-A Basic Grant	84.010	WI DPI	2020-552422-TIA-141	-	-	46,270	15,833	30,437
Special Education Cluster:								
IDEA Flow Through	84.027	WI DPI	2020-552422-DPI-IDEA-F-341	-	158,315	302,348	364,147	96,516
IDEA Preschool Entitlement	84.173	WI DPI	2020-552422-DPI-IDEA-P-347	-	-	5,491	5,491	-
Total Special Education Cluster				-	158,315	307,839	369,638	96,516
Title III Part A - Immigrant Children and Youth	84.365	WI DPI, CESA #11	2020-749911-DPI-T3-Imm-371	-	-	3,000	3,000	-
ESEA Title II-A Teacher and Principal Training and Recruiting Fund	84.367	WI DPI	2020-552422-TIIA-365	-	14,126	22,266	21,504	14,888
ESEA Title IV-A Student Support and Academic and Enrichment Grant	84.424	WI DPI	2020-552422-TIVA - DPI-381	-	14,435	10,542	14,435	10,542
Total Department of Education				-	186,876	389,917	424,410	152,383
<u>U.S. Department of Health and Human Services</u>								
Wisconsin Department of Health Services:								
Medical Assistance Program	93.778	WI DHS	44230700	-	7,564	79,971	87,535	-
Total Federal Program Awards				\$ -	\$ 198,819	\$ 804,913	\$ 851,349	\$ 152,383

* = Tested as a Major Federal Program

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Grant ID Number	Accrued Receivable (Unearned Revenue July 1, 2019)	Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue June 30, 2020)
<u>Wisconsin Department of Public Instruction</u>						
Entitlement Programs:						
Major State Programs:						
General Equalization	255.201	[2]	552422-116	\$ 199,326	\$ 11,781,399	\$ 11,787,766
Per Pupil Adjustment Aid	255.945			-	1,179,780	1,179,780
Total Major Programs				<u>199,326</u>	<u>12,961,179</u>	<u>12,967,546</u>
Nonmajor State Programs:						
Handicapped Pupils and School Age Parents:						
Internal District Programs	255.101	[1]	552422-100	-	623,031	623,031
Total Handicapped Program				<u>-</u>	<u>7,120</u>	<u>7,120</u>
State School Lunch Aid	255.102		552422-107	-	630,151	630,151
Common School Fund	255.103		552422-104	-	7,750	7,750
Pupil Transportation	255.107		552422-102	-	68,875	68,875
Morning Milk Program	255.115		552422-109	-	60,681	60,681
High Cost Special Education Aid	255.210		552422-119	-	481	481
Special Education Transition Readiness Grant	255.257		552422-174	-	23,396	23,396
School Based Mental Health Services	255.297		552422-177	-	26,670	-
School Breakfast Program	255.344		552422-108	-	5,025	5,025
Early College Credit Program	255.445		552422-178	-	3,030	3,030
Supplemental Per Pupil Aid	255.245		552422-181	-	1,852	1,852
Educator Effectiveness Evaluation Systems Grant	255.940		552422-154	-	5,337	5,337
Career and Technical Education Incentive Grants	255.950		552422-152	-	10,240	10,240
Assessments of Reading Readiness Grant	255.956		552422-166	-	10,044	10,044
Special Education Transition Incentive Grant	255.960		552422-168	-	3,681	3,681
Peer Review and Mentoring Grant	255.301		552422-141	2,903	7,000	7,000
				<u>2,903</u>	<u>12,924</u>	<u>2,903</u>
<u>Wisconsin Department of Justice</u>						
School Safety Grant	445.206		2018-SSI-01-13666	9,463	51,477	60,940
Total Nonmajor Programs				<u>12,366</u>	<u>928,614</u>	<u>896,361</u>
Total State Financial Assistance				<u>\$ 211,692</u>	<u>\$ 13,889,793</u>	<u>\$ 13,863,907</u>
						<u>\$ 237,578</u>

[1] District's 2019-20 Aidable Costs Reported to DPI Totaled \$2,681,072.

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

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
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 DISTRIBUTUION

Non-monetary 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.

NOTE 6 SUBRECIPIENTS

The District did not pass along any federal awards to subrecipients during the current fiscal year.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Croix Central School District (District), as of and for the year ended June 30, 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 11, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

St. Croix Central School District's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Hudson, Wisconsin
November 11, 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 IN ACCORDANCE WITH
THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES**

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

Report on Compliance for Each Major Federal and State Program

We have audited St. Croix Central 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 of state statutes, regulations and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; 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. Those standards, the Uniform Guidance and state guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program 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 of compliance, we considered the District's internal control over compliance with the types of requirements that are appropriate in the circumstances could have a direct and material effect on each federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and *State Single Audit Guidelines*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Hudson, Wisconsin
November 11, 2020

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

PART 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:		
* Material weakness(es) identified?		None reported
* Significant deficiency(es) identified that are not considered to be material weaknesses?		None reported
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?		None reported

Identification of major Federal program(s):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 and 10.556	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	X

State Awards

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

Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ?		None reported

Identification of major State program(s):

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aids
255.945	Per Pupil Adjustment Aid


Dollar threshold used to distinguish between type A and type B programs:	\$250,000
Auditee qualified as low-risk auditee?	X

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

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

Other Issues

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

Department of Public Instruction
Department of Health Services | No
No |
| 3. Was a management letter or other document conveying audit comments issued as a result of this letter? | No |
| 4. Name and Signature of Principal | 
Brock J. Geyen, CPA |
| 5. Date of Report | November 11, 2020 |

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

FINDING: 2020-001 Limited Segregation of Duties

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition: The auditors noted during the 2019-20 audit that the assignment of accounting duties precludes a proper separation of duties to assure adequate internal control.

Context: The limited size of the District's staff responsible for accounting and financial duties may preclude a complete segregation of incompatible duties. The District has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.

Cause: The condition is due to limited staff available.

Effect: Lack of segregation of duties could result in a financial statement misstatement, caused by error or fraud that would not be detected or prevented by District staff.

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

Views of Responsible Officials and Planned Corrective Action: The District will continue to work to achieve segregation of duties whenever cost effective. The District's Superintendent is the official responsible for ensuring corrective action of the deficiency.

**ST. CROIX CENTRAL SCHOOL DISTRICT
HAMMOND, WISCONSIN
SCHEDULE OF FINDINGS (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 REQUIREMENTS: