

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
School District of Fort Atkinson  
Fort Atkinson, Wisconsin

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Fort Atkinson as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District of Fort Atkinson'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.

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability (asset), schedule of employer WRS contributions, schedule of employer OPEB contributions, schedule of changes in net OPEB liability and related ratios, and notes to required supplementary information as listed 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Fort Atkinson's basic financial statements. The combining general fund financial statements, the combining nonmajor fund financial statements, and the agency fund schedule of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* and is also not a required part of the basic financial statements.

The combining general fund financial statements, the combining nonmajor fund financial statements, the agency fund schedule of changes in assets and liabilities and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 combining general fund financial statements, the combining nonmajor fund financial statements, the agency fund schedule of changes in assets and liabilities and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the School District of Fort Atkinson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 School District of Fort Atkinson '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 School District of Fort Atkinson's internal control over financial reporting and compliance.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 15, 2019

**SCHOOL DISTRICT OF FORT ATKINSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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The discussion and analysis of the financial performance of the School District of Fort Atkinson (District) provides an overview of financial activities for the fiscal year ended June 30, 2019. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

Fiscal 2019 was the second year of a three-year operational referendum approved by District electors in November, 2016. This referendum granted authority to the District to exceed the state imposed revenue limits by \$1.75 million on a recurring basis and \$2.25 million on a non-recurring basis in each of the next three years for operating purposes. The non-recurring portion of this referendum will expire June 2020. As part of the three-year referendum (2017-20), it was planned that fiscal 2018 would have a slight operational deficit, which came to fruition as you can see on page 17.

Fiscal 2019 was the first year of a new strategic plan for the District that was built following a year long study by internal and external stakeholders. Throughout fiscal 2019 the District began its work on the five Bold Steps:

- Initial Implementation of a District-Wide System for Equity
- Develop and Implement a Comprehensive Public Relations Plan
- Develop a Plan to Engage and Involve Parents and Community
- Implement and Enhance Access to Student Support Resources
- Research and Identify Opportunities for Innovation

Working towards these five Bold Steps was the focus of the fiscal 2020 budget planning process that occurred during fiscal 2019.

Finally, in fiscal 2019, the District continued work on a new way of budgeting its limited resources to provide for the greatest educational impact with every budget dollar by further implementing best practices from the Smarter School Spending budget model. Smarter School Spending is a budget model and process that provides for better planning and decision making by creating a true partnership between academic staff and finance staff in the District. The philosophy behind it is to evaluate the effectiveness of the programs in the District and shift resources to the academic areas that will provide the largest Academic Return on Investment (AROI). This philosophy was used as the District began to work toward the five Bold Steps shared above. More information on this budget model can be found here: <http://www.smarterschoolspending.org/>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information supplementary to the basic financial statements.

### **District-Wide Financial Statements**

*District-wide financial statements* report information about the School District of Fort Atkinson as a whole, using accounting methods similar to those used by private sector companies.

The *statement of net position* includes all of the District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered. The District does not have any proprietary funds and the fiduciary funds are not included in the statement of net position.

The *statement of activities* includes all revenues and expenses of the District, irrespective of when cash is actually received or paid out. The intent of the district-wide statements is to provide a snapshot of the District's Net Position and to provide an explanation of material changes that occurred since the prior year.

### **Fund Financial Statements**

The *fund financial statements* provide detailed information about the District's significant funds rather than the School District of Fort Atkinson as a whole. A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, revenues, and expenditures. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental and fiduciary. Table 1 summarizes the various features of each of these funds.

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances remaining at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided that explains the relationship between them.
- *Fiduciary funds*—The District serves as a fiduciary for student organizations. The District is also responsible for other assets that can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.



**SCHOOL DISTRICT OF FORT ATKINSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Table 1**  
**Major Features of the District-wide and Fund Financial Statements**

	District-wide	Fund Financial Statements	
	<u>Statements</u>	<u>Governmental</u>	<u>Fiduciary</u>
<b>Scope</b>	Entire district (except fiduciary funds).	The activities of the District that is not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	The district acts as trustee or agent for another; e.g. other post employment trusts
<b>Required Financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
<b>Type of asset, liability and deferred inflows/outflows of resources information</b>	All assets, liabilities and deferred inflows/outflows of resources; both financial and capital, short-term and long-term.	Generally assets and deferred inflows expected to be used up and liabilities and deferred outflows that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets, liabilities, deferred outflows/inflows of resources, financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
<b>Type of inflow and outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues when cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21-42 of this report.

**Other Information**

Required supplementary information (RSI) includes a budget to actual comparison that provides readers with information about the accuracy with which management was able to project the District's revenues and expenditures. In addition, the RSI includes information concerning the District's other post-employment benefits (OPEB) liability, and certain details of the District's net pension liability.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

The District ended its fiscal year with net position of \$22,396,064 of which \$19,495,556 was the net investment in capital assets, \$18,740 was restricted for the general fund, \$1,291,795 was restricted for debt service, \$104 was restricted for capital projects, \$16,064 was restricted for food service, \$179,256 was restricted for special purposes, \$70,471 was restricted for community services, and \$1,324,078 was unrestricted net position. Unrestricted net position represents the discretionary resources that can be used to fund general District operations.

For governmental activities, the decrease in capital assets is due to the depreciation of assets exceeding acquisitions within the fiscal year. The other item to note is the large change in restricted net position. This is due to the transfer of scholarship trust funds to a local community foundation to manage with the other scholarship trust funds for local students.

**Table 2**  
**Condensed Statements of Net Position**  
*(in thousands of dollars)*

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>% Change</b>
<b>Assets</b>			
Current and other assets	\$ 16,557	\$ 19,616	-15.59%
Capital assets	24,902	25,697	-3.09%
<b>Total assets</b>	41,459	45,313	-8.51%
<b>Deferred Outflows of Resources</b>	19,034	11,005	72.96%
<b>Liabilities</b>			
Long-term liabilities	18,785	15,394	22.03%
Other liabilities	4,959	5,749	-13.74%
<b>Total liabilities</b>	23,744	21,143	12.30%
<b>Deferred Inflows of Resources</b>	14,353	11,383	26.09%
<b>Net Position as restated</b>			
Net investment in capital assets	19,496	19,593	-0.50%
Restricted	1,576	3,250	-51.51%
Unrestricted	1,324	949	39.52%
<b>Total Net Position</b>	<u>\$ 22,396</u>	<u>\$ 23,792</u>	-5.87%

**SCHOOL DISTRICT OF FORT ATKINSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

**Changes in Net Position**

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2019 with a decrease in net position of \$1,396,162, compared to a decrease of \$56,619 in fiscal year 2018. The District received \$42,000,664 in revenue for the fiscal year 2019. The District relies primarily on property taxes (37.9% of total governmental revenues), and state equalization aid (40.2%) to fund governmental activities. The District received approximately 16.7% in the form of specific use state grants, federal aid and direct fees for services. Individuals who directly participated or benefited from a program paid 5.0% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services. Federal and state governments subsidized certain programs with grants and awards of \$4,901,794. Operating grants include Title I, IDEA, and National School Lunch Programs.

**Table 3**  
**Changes in Net Position from Operating Results**  
*(in thousands of dollars)*

	Governmental Activities		
	2019	2018	% Change
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 2,111	\$ 2,059	2.53%
Operating grants & contributions	4,902	4,480	9.42%
General revenues			
Property taxes	15,938	15,198	4.87%
General aid	16,900	16,700	1.20%
Other	2,150	1,363	57.74%
<b>Total revenues</b>	<b>42,001</b>	<b>39,800</b>	<b>5.53%</b>
<b>EXPENSES</b>			
Instruction	25,442	24,191	5.17%
Pupil and instructional services	3,981	3,428	16.13%
Administrative services	2,851	2,607	9.36%
Operation and maintenance	3,342	3,749	-10.86%
Pupil transportation	1,098	1,043	5.27%
Food service	1,176	1,178	-0.17%
Interest on debt	134	154	-12.99%
Other	5,373	3,507	53.21%
<b>Total expenses</b>	<b>43,397</b>	<b>39,857</b>	<b>8.88%</b>
<b>Change in Net Position</b>	<b>\$ (1,396)</b>	<b>\$ (57)</b>	<b>2349.12%</b>

**SCHOOL DISTRICT OF FORT ATKINSON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

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**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

Table 4 presents the cost of district activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all governmental activities this year was \$43,396,826. Individuals who directly participated or benefited from a program offering paid for \$2,111,334 of costs. Federal and state governments funding, along with other general contributions, subsidized certain programs with grants and contributions of \$4,901,794. The net cost of governmental activities \$36,383,698 was financed primarily by \$15,937,556 of property taxes and \$18,832,383 of federal and state unrestricted aid.

**Table 4**  
**Net Cost of Governmental Activities**  
*(in thousands of dollars)*

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>EXPENSES</b>		
Instruction	\$ 25,442	\$ (20,036)
Pupil and instructional services	3,981	(3,861)
Administrative services	2,851	(2,553)
Operation and maintenance	3,342	(3,342)
Pupil transportation	1,098	(1,080)
Food service	1,176	(25)
Interest on debt	134	(134)
Other	5,373	(5,353)
	<hr/>	<hr/>
<b>Total expenses</b>	<u>\$ 43,397</u>	<u>\$ (36,384)</u>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$12,334,583 up from last year's ending fund balance of \$11,874,320. The District's unassigned fund balance, available for spending at the district's discretion was \$10,422,912.

The General Fund is the chief operating fund of the District. During the current fiscal year, the general fund saw a fund balance decrease of \$306,716, compared to an increase of \$643,708 in the prior year. The change is part of the District's long-term budget plan during the current three-year operational referendum (2017-20). The District purposefully planned to have a surplus in the first year to assist in offsetting planned deficits in future years of the referendum. Fiscal 2020 is currently planned to have a larger deficit as the last year of the operational referendum where the revenue amount was static for each of the three years.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District prepares an interim budget in May for the subsequent year (beginning July 1<sup>st</sup>). Consistent with current state statutes and regulations, an *original* budget is adopted in October following determination of the official student enrollment and certification of state aids. Generally, the original budget is not significantly modified, but minor adjustments are made for the reallocation of resources to respond to changing needs and for carryover revenue from state and federal grants.

The General Fund's *original* budget, based on actual student enrollments (and the resulting state-imposed revenue limit), contained revenues and other financing sources of \$36,042,160 and expenditures and other financing uses of \$36,572,511.

Actual results for the year show expenditures and other financing uses exceeding revenues and other financing sources by \$306,716, which is \$223,635 greater than the *original* budget. The District finished the year better than originally budgeted due to some unspent budgetary funds.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2019, the District had \$58,236,990 in capital assets, including land, buildings, furniture and equipment. Total accumulated depreciation on these assets was \$33,335,336. Asset acquisitions for governmental activities totaled \$867,346. The District recognized depreciation expense of \$1,661,226. Detailed information about capital assets can be found in Note 4 to the financial statements.

**Table 5**  
**Capital Assets**  
*(in thousands of dollars)*

	<u>2019</u>	<u>2018</u>
Land and construction in progress	\$ 1,101	\$ 1,101
Buildings	51,264	50,567
Furniture and equipment	5,872	5,745
Accumulated depreciation	<u>(33,335)</u>	<u>(31,716)</u>
Net capital assets	<u>\$ 24,902</u>	<u>\$ 25,697</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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**Long-Term Debt**

At June 30, 2019, the District had \$5,390,000 in general obligation debt outstanding—a decrease of \$695,000 from fiscal year 2018. Debt of the District is secured by a tax levy adopted by the school board at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. Detailed information about the District's long-term obligations is presented in Note 5 to the financial statements.

**Table 6**  
**Outstanding Long-term Obligations**  
*(in thousands of dollars)*

	<u>2019</u>	<u>0</u>
General obligation debt	\$ 5,390	\$ 6,085
Unamortized premium	160	181
Compensated absences	313	317
Other postemployment benefits	9,166	10,439
Net pension liability	<u>4,466</u>	<u>-</u>
Net long-term obligations	<u>\$ 19,495</u>	<u>\$ 17,022</u>

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The following items may have a bearing on the future of the School District of Fort Atkinson:

- On November 8, 2016 the District passed an operational referendum to exceed the state imposed revenue limits. This referendum was one question with two parts. The first part of the referendum allows the District to exceed the revenue limit by \$1.75 million on a recurring basis in perpetuity. The second part of the referendum allows the District to exceed the revenue limit by \$2.25 million per year for three years. This will allow the District to get through the 2017-19 State biennial budget as well as the first year of the 2019-2021 biennial budget, therefore giving a clearer picture of state funding of public education in Wisconsin. Next fiscal year will be the final year of the three-year non-recurring portion. Therefore, the Board of Education will seek a successor operational referendum in April, 2020.
- During fiscal 2019 State leadership in Wisconsin outside of the Assembly and Senate flipped to Democratic control, with the most notable change being the former State Superintendent of Public Instruction becoming Governor. As a result, public education funding in Wisconsin was front-and-center in the biennial budget (2019-21), much as it was during the campaign leading up to the election. As a result of the change in leadership at the State level, the 2019-21 biennial budget provided increases for public education that had not been seen in nearly a decade. The District is hopeful that this trend will continue as long as the national economy continues to perform well.
- As of the writing of this report, in fiscal 2020 the District has already approved a tax levy that will allow the District to defease over \$1.6 million, along with a levy last year that provided over \$750,000 in funds to defease outstanding debt. This will allow the District to save interest costs for taxpayers as well as to structure future debt payments to provide tax levy flexibility in future decision making that benefits our students as well as our local taxpayers. This prepayment of debt will be a key contributor to decision making as the District considers its operational referendum question for April, 2020.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Lynn Brown, District Superintendent at (920) 563-8707 or [brownl@fortschools.org](mailto:brownl@fortschools.org)

Jason Demerath, Business Manager at (920) 563-7809 or [demerathj@fortschools.org](mailto:demerathj@fortschools.org)

Additional information about the District and its services can also be found on the District's website at <http://www.fortschools.org/>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**STATEMENT OF NET POSITION**  
June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 10,692,569
Accounts receivable	4,474,653
Due from other governments	1,263,927
Inventories	15,820
Prepaid expenses	110,265
Capital assets not being depreciated	1,100,998
Capital assets being depreciated, net	23,800,656
	<hr/>
Total assets	41,458,888
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pension	18,206,285
Related to other postemployment benefits	683,726
Unamortized loss on refunding	143,740
	<hr/>
Total deferred outflows of resources	19,033,751
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	4,203,623
Accrued interest	26,321
Unearned revenues	19,028
Noncurrent liabilities	
Due within one year	710,000
Due in more than one year	18,785,291
	<hr/>
Total liabilities	23,744,263
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pension	12,954,416
Related to other postemployment benefits	1,397,896
	<hr/>
Total deferred inflows of resources	14,352,312
<b>NET POSITION</b>	
Net investment in capital assets	19,495,556
Restricted	1,576,430
Unrestricted	1,324,078
	<hr/>
<b>Total net position</b>	<b>\$ 22,396,064</b>
	<hr/>

See accompanying notes.



**SCHOOL DISTRICT OF FORT ATKINSON**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2019

		Program Revenues		Net
				(Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction				
Regular instruction	\$ 16,161,105	\$ 1,502,486	\$ 1,063,342	\$ (13,595,277)
Vocational instruction	1,160,877	-	55,261	(1,105,616)
Physical instruction	1,059,383	-	-	(1,059,383)
Special education instruction	5,562,788	732	2,713,171	(2,848,885)
Other instruction	1,497,442	70,486	-	(1,426,956)
Total instruction	25,441,595	1,573,704	3,831,774	(20,036,117)
Support services				
Pupil services	2,143,176	-	120,212	(2,022,964)
Instructional staff services	1,838,314	-	-	(1,838,314)
Administrative services	2,850,798	-	299,034	(2,551,764)
Operation and maintenance	3,342,376	-	-	(3,342,376)
Pupil transportation	1,097,594	-	17,532	(1,080,062)
Food service	1,175,988	517,348	633,242	(25,398)
Central services	425,477	-	-	(425,477)
Insurance and judgments	287,853	-	-	(287,853)
Other support services	4,659,933	20,282	-	(4,639,651)
Interest on debt	133,722	-	-	(133,722)
Total support services	17,955,231	537,630	1,070,020	(16,347,581)
<b>Total school district</b>	<b>\$ 43,396,826</b>	<b>\$ 2,111,334</b>	<b>\$ 4,901,794</b>	<b>(36,383,698)</b>
<b>GENERAL REVENUES</b>				
TAXES				
Property taxes, levied for general purposes				14,355,338
Property taxes, levied for debt service				1,582,218
FEDERAL AND STATE AID NOT RESTRICTED				
General (equalization aid)				16,900,396
Other				1,931,987
Interest and investment earnings				154,196
Gain(loss) on disposal of assets				52,895
Miscellaneous				10,506
<b>Change in net position</b>				<b>(1,396,162)</b>
Net Position at beginning of year				23,792,226
<b>Net Position at end of year</b>				<b>\$ 22,396,064</b>

See accompanying notes.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
June 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 9,157,307	\$ 1,535,262	\$ 10,692,569
Accounts receivable	4,422,614	52,039	4,474,653
Due from other governments	1,170,451	93,476	1,263,927
Due from other funds	74,861	-	74,861
Inventory	-	15,820	15,820
Prepaid expenditures	110,021	244	110,265
<b>Total assets</b>	<b>\$ 14,935,254</b>	<b>\$ 1,696,841</b>	<b>\$ 16,632,095</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 282,758	\$ 17,890	\$ 300,648
Accrued salaries and wages	2,172,995	-	2,172,995
Payroll taxes and withholdings	1,643,189	1,051	1,644,240
Due to other funds	-	74,861	74,861
Medical claims payable	85,740	-	85,740
Unearned revenues	-	19,028	19,028
<b>Total liabilities</b>	<b>4,184,682</b>	<b>112,830</b>	<b>4,297,512</b>
<b>FUND BALANCES</b>			
Nonspendable	110,021	16,064	126,085
Restricted	18,740	1,567,947	1,586,687
Assigned	198,899	-	198,899
Unassigned	10,422,912	-	10,422,912
<b>Total fund balances</b>	<b>10,750,572</b>	<b>1,584,011</b>	<b>12,334,583</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,935,254</b>	<b>\$ 1,696,841</b>	<b>\$ 16,632,095</b>

See accompanying notes.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE DISTRICT-WIDE STATEMENT OF NET POSITION**  
June 30, 2019

Total fund balances—governmental funds		\$ 12,334,583
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 as assets in the governmental funds:		
Cost of capital assets	\$ 58,236,990	
Accumulated depreciation	<u>(33,335,336)</u>	
Net capital assets		24,901,654
Certain items, including bonds payable, are not due and payable in the current period and therefore are not reported as assets or liabilities.		
Bonds and notes payable	(5,390,000)	
Accrued interest payable	(26,321)	
Unamortized premium on issuance of debt	(159,838)	
Unamortized loss on refunding	143,740	
Compensated absences	(313,098)	
Net pension liability	(4,465,905)	
Other postemployment benefit liability	(9,166,450)	
Deferred outflows related to pension	18,206,285	
Deferred inflows related to pension	(12,954,416)	
Deferred outflows related to other postemployment benefits	683,726	
Deferred inflows related to other postemployment benefits	<u>(1,397,896)</u>	
Total long-term obligations		<u>(14,840,173)</u>
Total net position—governmental activities		<u><u>\$ 22,396,064</u></u>

See accompanying notes.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
Year Ended June 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 14,355,338	\$ 1,582,218	\$ 15,937,556
Local	327,110	1,099,022	1,426,132
Interdistrict payments	1,421,980	18,344	1,440,324
Intermediate sources	14,068	-	14,068
State	20,985,386	21,339	21,006,725
Federal	1,500,557	611,901	2,112,458
Other sources	58,412	-	58,412
Total revenues	38,662,851	3,332,824	41,995,675
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	14,488,089	47,189	14,535,278
Vocational instruction	1,146,394	14,483	1,160,877
Physical instruction	1,059,383	-	1,059,383
Special education instruction	5,562,788	-	5,562,788
Other instruction	1,174,100	323,342	1,497,442
Total instruction	23,430,754	385,014	23,815,768
Support services			
Pupil services	2,130,341	12,835	2,143,176
Instructional staff services	1,828,535	9,779	1,838,314
General administrative services	389,808	-	389,808
Building administrative services	1,789,524	19,172	1,808,696
Business administrative services	5,067,241	1,169,957	6,237,198
Central services	425,417	60	425,477
Insurance and judgments	287,853	-	287,853
Other support services	2,915,544	26,355	2,941,899
Total support services	14,834,263	1,238,158	16,072,421
Capital outlay	746,253	121,093	867,346
Debt service			
Principal	-	695,000	695,000
Interest and fees	475	138,275	138,750
Total expenditures	39,011,745	2,577,540	41,589,285
Excess (deficiency) of revenues over (under) expenditures	(348,894)	755,284	406,390
Other financing sources (uses)			
Proceeds from sale of capital assets	53,873	-	53,873
Transfers in (out)	(11,695)	11,695	-
Total other financing sources (uses)	42,178	11,695	53,873
<b>Net change in fund balances</b>	(306,716)	766,979	460,263
Fund balances at beginning of year	11,057,288	817,032	11,874,320
<b>Fund balances at end of year</b>	<b>\$ 10,750,572</b>	<b>\$ 1,584,011</b>	<b>\$ 12,334,583</b>

See accompanying notes.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2019

Net change in fund balances—total governmental funds	\$ 460,263
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 the estimated useful lives as depreciation expense.	
Capital outlay reported in governmental fund statements	\$ 867,346
Depreciation expense reported in the statement of activities	(1,661,226)
Net book value of assets disposed of	(978)
	(794,858)
Repayment of long-term debt principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.	
Bonds and notes	695,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Decrease in accrued interest payable	2,942
Amortization of premium on issuance of debt	20,633
Amortization of loss on refunding	(18,547)
Net increase in other postemployment benefit liability	(89,150)
Net decrease in compensated absences	4,345
Net increase in pension liability	(1,676,790)
	(1,756,567)
Change in net position of governmental activities	\$ (1,396,162)

See accompanying notes.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2019

	<u>Private Purpose Trust</u>	<u>Employee Benefit Trust</u>	<u>Agency</u>
<b>ASSETS</b>			
Cash and investments	<u>\$      3,716</u>	<u>\$   609,435</u>	<u>\$   130,477</u>
<b>LIABILITIES</b>			
Due to student organizations	<u>-</u>	<u>-</u>	<u>\$   130,477</u>
<b>NET POSITION</b>			
Restricted	<u>\$      3,716</u>	<u>\$   609,435</u>	

See accompanying notes.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2019

	<u>Private Purpose Trust</u>	<u>Employee Benefit Trust</u>
<b>ADDITIONS</b>		
Contributions	\$ -	\$ 809,390
Investment earnings	<u>55,956</u>	<u>-</u>
Total additions	55,956	809,390
<b>DEDUCTIONS</b>		
Scholarships	1,176,721	-
Other post-employment benefits	<u>-</u>	<u>744,166</u>
Total deductions	<u>1,176,721</u>	<u>744,166</u>
<b>Change in net position</b>	(1,120,765)	65,224
Net Position at beginning of year	<u>1,124,481</u>	<u>544,211</u>
<b>Net Position at end of year</b>	<u><u>\$ 3,716</u></u>	<u><u>\$ 609,435</u></u>

See accompanying notes.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the School District of Fort Atkinson (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

**Reporting Entity**

The District operates as a common school district under Chapter 120 of the Wisconsin Statutes. The District is governed by a five member elected school board and is fiscally independent with taxing and borrowing powers. The District provides elementary, secondary, vocational, and special education services for 4-year-old kindergarten through grade 12.

As discussed in the detail below, the financial reporting entity consists of the primary government, and organizations for which the primary government is financially accountable. All of the accounts of the District comprise the primary government.

This report includes all of the funds of the District. The reporting entity for the District consists 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 their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The report does not contain any component units.

**Basis of Presentation**

*District-Wide Financial Statements*

The statement of net position and statement of activities present financial information about the District's governmental activities. They include all funds of the District except for fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.



**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

*Fund Financial Statements*

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

The District reports the following major governmental fund:

**General Fund**

The general fund is the general operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

The District reports the following nonmajor governmental funds:

**Special Revenue Funds**

Special revenue funds are used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The District reports the Special Revenue Fund, School Nutrition Services Fund, Community Services Fund, and Package Cooperative Fund as special revenue funds.

**Capital Projects Fund**

Capital projects fund is used to account for financial resources of the District to be used for capital expenditures related to buildings and sites.

**Debt Service Fund**

Debt service fund is used to account for financial resources to be used for the payment of general long-term debt principal, interest, and related costs.

Additionally, the District reports the following fund types:

**Private-Purpose Trust Fund**

Private-purpose trust fund is used to account for resources legally held in trust for student scholarships.

**Employee Benefit Trust Fund**

Employee benefit trust fund is used to account for resources legally held in trust for the District's post-retirement health insurance benefits.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Agency Fund**

Agency fund is used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

**Measurement Focus and Basis of Accounting**

The district-wide and fiduciary fund statements (excluding the agency funds) are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. 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 funds, 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 resources to such programs, followed by general revenues.

***Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance***

**Cash and Investments**

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

The District may invest available cash balances, other than debt services 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 governmental investment pool.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The District is limited to investments authorized by Wisconsin State Statute 66.0603 including the following:

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in the state if the time deposits mature in not more than three years.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
3. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state, as well as bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, a local cultural arts district, or the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. Securities of an open-end management investment company or investment trust, with certain limitations:
  - a. Bonds or securities issued under the authority of the municipality;
  - b. The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes; the state of Wisconsin local government investment fund (LGIP)
  - c. Agreements in which a public depository agrees to repay funds advanced to it by the District, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
  - d. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
  - e. Repurchase agreements with public depositories, with certain conditions.

The District has adopted an investment policy which permits all investments authorized under state statutes as described above.

**Receivables and Payables**

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property taxes are recognized as revenues in the year for which they are budgeted. Under Wisconsin Statutes, each County in the District's taxing jurisdiction purchases the outstanding property taxes of the District in August of each year. The statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied. Property taxes are levied in November on the assessed value as of the prior January 1, and are due in full by January 31, or in installments with the last payment due in July.

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided in the governmental funds since it is believed that the amount of such allowance would not be material to the financial statements.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the district-wide and the fund financial statements.

**Capital Assets**

Capital assets are reported at historical cost or estimated historical cost. The District capitalizes all assets over \$1,000. Donated assets are recorded at the estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Furniture and equipment	5 – 20

**Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows as of June 30, 2019 related to pension, other postemployment benefit, and unamortized loss on refunding activity.

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows as of June 30, 2019 related to pension and other postemployment benefit activity.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences and Other Employee Benefit Amounts**

Sick leave benefits are reflected as expenses when paid. Unused sick leave days vest only upon, retirement, death, or permanent disability and are accounted for as retirement income. Employees vest if they are at least 62 years of age and have fifteen years of service.

All vacation and sick pay is accrued when incurred in the district-wide financial statements. For governmental fund financial statements, the unpaid vested employee benefits are not expected to be paid using expendable available resources; therefore, the liability is not reported.

**Other Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

The District provides certain administrators and teachers with a defined benefit pension plan that is closed to new entrants. The Plan is accounted for under GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. The District did not implement GASB Statement No. 73, Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement No. 68. The effects of the implementation is immaterial to the financial statements as a whole.

**Long-Term Obligations**

In the district-wide financial statements, bond premiums and discounts, as well as issuance costs and losses on refunding, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditures for claims and judgments are only reported in the governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

**Net Position**

In the district-wide financial statements, equity is classified as net position and displayed in three components:

*Net Investment in Capital Assets*—Consists of capital assets including restricted capital assets, net of accumulated depreciation less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus unspent proceeds.

*Restricted Net Position*—Consists of Net Position with constraints placed on use by 1) external groups such as creditors, grantors, or contributors, or 2) law through constitutional provisions or enabling legislation.

*Unrestricted Net Position*—All other Net Position that do not meet the definition of “restricted” or “net investment in capital assets.”

**Fund Balance**

Governmental fund equity is classified as fund balance. In the fund financial statements, fund balance is presented in five possible categories:

*Nonspendable*—Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for resale, and long term receivables.

*Restricted*—Constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed*—Resources that can only be used for specific purposes as the result of a formal action of the District’s highest level of decision-making authority. Any changes in the constraints imposed require the same formal action of the District that originally created the commitment. The Board of Education is the highest level of decision-making authority.

*Assigned*—Resources that are neither restricted nor committed for which the District has stated intended use as established by the Board of Education. Under the District’s adopted policy, the Board of Education may assign amounts for specific purposes at the recommendation of the Business Manager.

*Unassigned*—Resources that are available for any purpose. Unassigned amounts are only reported in the general fund.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Restricted Resources**

The District considers restricted amounts to be spent first when both restricted and unrestricted net position are available unless there are legal constraints that prohibit doing this. Additionally, the District considers amounts to be spent first out of committed amounts, then assigned and lastly unassigned amounts of restricted fund balance when expenditures are made.

**Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by a resolution from the Board of Education. Appropriations lapse at year end unless specifically carried over.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures.

**NOTE 2—CASH AND INVESTMENTS**

As of June 30, 2019, cash and investments consist of the following:

	Fair Value	Carrying Value	Risk
Deposits with financial institutions	\$ 11,054,416	\$ 10,821,658	Custodial credit
Certificates of deposit	5,000	5,000	Custodial credit
Fixed income securities	573,859	609,435	Credit and interest rate
Local government investment pool	104	104	Credit and interest rate
	<u>\$ 11,633,379</u>	<u>\$ 11,436,197</u>	

The District's cash and investments are reported in the financial statements as follows:

Statement of net position	
Governmental activities	\$ 10,692,569
Statement of fiduciary net position	
Trust Funds	613,151
Agency Fund	<u>130,477</u>
	<u>\$ 11,436,197</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 2—CASH AND INVESTMENTS (continued)**

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of investments that are in the possession of another party. The District does not have a custodial credit risk policy for investments.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, 2019, none of the District's deposits with financial institutions were uninsured and uncollateralized, and \$10,261,513 of the District's deposits with financial institutions were collateralized by the pledging financial institution's trust department or agent not in the District's name. The District does not have a custodial risk policy for deposits.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. As of June 30, 2019, fixed income, equity fund, and mutual fund investments have a maturity of 12 months or less.

The District categorizes its fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurements as of June 30, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)
Fixed income securities	\$ 573,859



**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 3—INTERFUND ADVANCES AND TRANSFERS**

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts the general fund as debt service payments come due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The following is a schedule of interfund receivables and payables, including any overdrafts on pooled cash and investment accounts:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	School Nutrition Services Fund	\$ 56,814
General fund	Package Cooperative	<u>18,047</u>
		<u>\$ 74,861</u>

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

The following balances as of June 30, 2019 represent transfers in/out between all funds:

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>
Special Education Fund	General Fund	\$ 4,935,804
School Nutrition Services Fund	General Fund	<u>11,695</u>
		<u>\$ 4,947,499</u>

The transfers from the General Fund to the School Nutrition Services Fund and Special Education Fund were made to cover the current year operating deficits.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 4—CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 1,100,998	\$ -	\$ -	\$ 1,100,998
Capital assets being depreciated				
Building	50,567,260	696,905	-	51,264,165
Furniture and equipment	5,744,357	170,441	(42,971)	5,871,827
Total capital assets being depreciated	56,311,617	867,346	(42,971)	57,135,992
Less accumulated depreciation	31,716,103	1,661,226	(41,993)	33,335,336
Total capital assets being depreciated, net	24,595,514	(793,880)	(978)	23,800,656
Governmental activity capital assets, net	<u>\$ 25,696,512</u>	<u>\$ (793,880)</u>	<u>\$ (978)</u>	<u>\$ 24,901,654</u>

Depreciation expense for governmental activities for the year ended June 30, 2019 was charged to functions as follows:

Instruction	\$ 1,630,172
Administrative Services	3,573
Operation and Maintenance of Plant	19,499
Food Service	7,982
Total depreciation:	<u>\$ 1,661,226</u>

**NOTE 5—LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/19	Due Within One Year
General obligation bonds	\$ 6,085,000	\$ -	\$ (695,000)	\$ 5,390,000	\$ 710,000
Unamortized premiums	180,471	-	(20,633)	159,838	-
Total G.O. debt	6,265,471	-	(715,633)	5,549,838	710,000
Accrued compensated absences	317,443	-	(4,345)	313,098	-
Other postemployment benefits	10,439,091	-	(1,272,641)	9,166,450	-
Net pension liability	-	4,465,905	-	4,465,905	-
Total long-term liabilities	<u>\$ 17,022,005</u>	<u>\$ 4,465,905</u>	<u>\$ (1,992,619)</u>	<u>\$ 19,495,291</u>	<u>\$ 710,000</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 5—LONG-TERM OBLIGATIONS (continued)**

Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2019 was \$138,275 and \$193,859, respectively.

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund.

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,521,310,339. Wisconsin State Statute 67.03 limits total general obligation indebtedness of the District to ten percent of the equalized value of taxable property within the District's jurisdiction. The legal debt limit, as of June 30, 2019 was as follows:

Debt limit (10% of \$1,521,310,339)	\$ 152,131,034
Less: long-term debt applicable to debt margin:	<u>5,390,000</u>
Margin of indebtedness:	<u><u>\$ 146,741,034</u></u>

General obligation debt at June 30, 2019 is comprised of the following individual issues:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 6/30/2019
G.O. refunding bonds	3/31/2015	2.00%-3.00%	2/1/2027	7,510,000	<u><u>\$ 5,390,000</u></u>

Debt service requirements to maturity on general obligation debt are as follows:

Year Ended June 30	G.O. Debt Principal	G.O. Debt Interest	Total
2020	\$ 710,000	\$ 124,375	\$ 834,375
2021	720,000	110,175	830,175
2022	735,000	95,775	830,775
2023	755,000	81,075	836,075
2024	775,000	62,200	837,200
2025-2029	<u>1,695,000</u>	<u>68,600</u>	<u>1,763,600</u>
	<u><u>\$ 5,390,000</u></u>	<u><u>\$ 542,200</u></u>	<u><u>\$ 5,932,200</u></u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new debt in an irrevocable trust to provide for the future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, \$4,905,000 of debt outstanding is considered defeased.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 6—EMPLOYEE'S RETIREMENT SYSTEM**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publication/cafr.htm>.

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest years' earnings. 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.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 6—EMPLOYEE'S RETIREMENT SYSTEM (continued)**

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	(9)
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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

During the reporting period, the WRS recognized \$1,305,358 contributions from the employer which equaled required contributions.

Contribution rates as of December 31, 2018 are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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NOTE 6—EMPLOYEE'S RETIREMENT SYSTEM (continued)

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

At June 30, 2019, the District reported a liability of \$4,465,905 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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 liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.12552836% which was a decrease of 0.00257595% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$3,011,765.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 3,478,263	\$ (6,148,319)
Net differences between projected and actual earnings on pension plan investments	13,292,088	(6,769,938)
Changes in assumptions	752,787	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,578	(36,159)
Employer contributions subsequent to the measurement date	670,569	-
Total	<u>\$ 18,206,285</u>	<u>\$ (12,954,416)</u>

\$670,569 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 1,662,618
2021	414,689
2022	721,401
2023	1,782,592
	<u>\$ 4,581,300</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 6—EMPLOYEE'S RETIREMENT SYSTEM (continued)**

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

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

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

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 6—EMPLOYEE'S RETIREMENT SYSTEM (continued)**

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equities	49%	8.1%	5.5%
Fixed income	24.5	4.0	1.5
Inflation sensitive assets	15.5	3.8	1.3
Real estate	9	6.5	3.9
Private equity/debt	8	9.4	6.7
Multi-asset	4	6.7	4.1
Total core fund	110%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30	8.5	5.9
Total variable fund	100%	8.0%	5.4%

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

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

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
The District's proportionate share of net pension liability	\$ 17,747,976	\$ 4,465,905	\$ (5,410,344)

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



**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 7—OTHER POST EMPLOYMENT BENEFITS**

**Plan administration.** The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree plan that provides postemployment health insurance benefits to eligible employees and their spouses. Benefits and eligibility are established and amended by the Board of Education.

**Plan membership.** At June 30, 2018, the date of the latest actuarial valuation, there were approximately 325 active plan members and 40 inactive plan members currently receiving benefits. Employees hired after July 1, 2011 were not eligible to participate in the OPEB plan.

**Contributions.** There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions, and for the year ended June 30, 2018, the measurement date, the District contributed \$910,796 to the School District of Fort Atkinson Post-Employment Benefits Trust. For the year ended June 30, 2018, the District's average contribution rate was 4.61 percent of covered-employee payroll.

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Investment rate of return	3.0% based upon all years of projected payments discounted at a 3.0% long-term expected rate of return
Healthcare cost trend rates	7.50% decreasing by 0.50% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter.

The actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**The long-term expected rate of return on OPEB plan investments.** Since the District currently holds assets in fixed income funds or as cash equivalents, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 7—OTHER POST EMPLOYMENT BENEFITS (continued)**

**Discount rate.** The discount rate of 3.75% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 3.00%). This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/2017</b>	\$ 10,926,413	\$ 487,322	\$ 10,439,091
<b>Changes for the year:</b>			
Service Cost	567,538	-	567,538
Interest	377,229	-	377,229
Differences between expected and actual experience	(612,449)	-	(612,449)
Changes of assumptions or other input	(683,640)	-	(683,640)
Contributions - Employer	-	910,796	(910,796)
Net investment income	-	11,190	(11,190)
Benefit payments	(864,430)	(864,430)	-
Administrative expense	-	(667)	667
<b>Net changes</b>	<b>(1,215,752)</b>	<b>56,889</b>	<b>(1,272,641)</b>
<b>Balances at 6/30/2018</b>	<b>\$ 9,710,661</b>	<b>\$ 544,211</b>	<b>\$ 9,166,450</b>

**Sensitivity of the net OPEB liability to changes in the discount rate.** The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Total OPEB Liability	\$ 10,255,434	\$ 9,710,661	\$ 9,180,556
Fiduciary Net Position	544,211	544,211	544,211
<b>Net OPEB Liability</b>	<b>\$ 9,711,223</b>	<b>\$ 9,166,450</b>	<b>\$ 8,636,345</b>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 7—OTHER POST EMPLOYMENT BENEFITS (continued)**

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.** The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) 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	\$ 8,914,868	\$ 9,710,661	\$ 10,617,201
Fiduciary Net Position	544,211	544,211	544,211
Net OPEB Liability	<u>\$ 8,370,657</u>	<u>\$ 9,166,450</u>	<u>\$ 10,072,990</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$766,568. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 551,204
Changes in assumptions	-	846,692
Net differences between projected and actual earnings on OPEB plan investments	6,308	-
Employer contributions subsequent to the measurement date	677,418	-
Total	<u>\$ 683,726</u>	<u>\$ 1,397,896</u>

\$683,726 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended June 30:	
2019	\$ (161,010)
2020	(161,010)
2021	(161,010)
2022	(161,334)
2023	(162,668)
Thereafter	<u>(584,556)</u>
	<u>\$ (1,391,588)</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 8—GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide statement of net position at June 30, 2019 consist of the following:

Net investment in capital assets	\$ 19,495,556
Restricted	
General fund	18,740
Donor restrictions	179,256
Community services	70,471
Nutrition services	16,064
Capital projects	104
Debt service	1,291,795
Total restricted	1,576,430
Unrestricted	1,324,078
Total governmental activities net position	<u><u>\$ 22,396,064</u></u>

**NOTE 9—GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the financial statements at June 30, 2019 include the following:

Nonspendable	
General fund	
Prepaid expenditures	\$ 110,021
Nutrition services	
Prepaid expenditures	244
Inventories	15,820
Total nonspendable fund balance	126,085
Restricted	
General fund	18,740
Special purpose	179,256
Capital projects	104
Debt service	1,318,116
Community services	70,471
Total restricted	1,586,687
Assigned	
Career and technical education	76,882
Youth apprenticeship	37,776
Computer devices	30,250
Facilities study	7,179
Playground equipment	6,000
Other	40,812
Total assigned	198,899
Unassigned	10,422,912
Total governmental fund balance	<u><u>\$ 12,334,583</u></u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 10—RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims did not exceed insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

**NOTE 11—LIMITATION OF SCHOOL DISTRICT REVENUES**

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature. This limitation does not apply to revenues needed for the 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.

**NOTE 12—COMMITMENTS AND CONTINGENCIES**

From time to time the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position.

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF FORT ATKINSON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND**  
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 14,355,338	\$ 14,355,338	\$ 14,355,338	\$ -
Local	289,929	294,179	327,110	32,931
Interdistrict payments	1,416,352	1,444,512	1,421,248	(23,264)
State	19,288,186	19,296,926	19,269,161	(27,765)
Federal	526,609	529,191	653,551	124,360
Other sources	165,746	165,746	58,412	(107,334)
Total revenues	36,042,160	36,085,892	36,084,820	(1,072)
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	14,515,956	14,482,271	14,533,631	(51,360)
Vocational instruction	1,233,857	1,243,257	1,148,696	94,561
Physical instruction	1,077,342	1,080,236	1,064,404	15,832
Other instruction	1,176,120	1,177,494	1,174,100	3,394
Total instruction	18,003,275	17,983,258	17,920,831	62,427
Support services				
Pupil services	1,353,889	1,358,034	1,362,566	(4,532)
Instructional staff services	1,810,318	1,708,267	1,633,668	74,599
General administrative services	400,352	391,893	389,808	2,085
Building administrative services	1,768,262	1,776,823	1,789,524	(12,701)
Business administrative services	5,345,524	5,491,351	5,325,777	165,574
Central services	449,092	432,588	425,417	7,171
Insurance and judgments	276,641	276,641	287,853	(11,212)
Other support services	2,384,461	2,518,000	2,361,991	156,009
Total support services	13,788,539	13,953,597	13,576,604	376,993
Interest and fees	525	525	475	50
Total expenditures	31,792,339	31,937,380	31,497,910	439,470
Excess (deficiency) of revenues over (under) expenditures	4,249,821	4,148,512	4,586,910	438,398
Other financing sources (uses)				
Proceeds from sale of assets	-	-	53,873	53,873
Transfers in (out)	(4,780,172)	(4,780,172)	(4,947,499)	(167,327)
Total other financing sources (uses)	(4,780,172)	(4,780,172)	(4,893,626)	(113,454)
<b>Net change in fund balances</b>	(530,351)	(631,660)	(306,716)	324,944
Fund balances at beginning of year	11,057,288	11,057,288	11,057,288	-
<b>Fund balances at end of year</b>	<u>\$ 10,526,937</u>	<u>\$ 10,425,628</u>	<u>\$ 10,750,572</u>	<u>\$ 324,944</u>

See accompanying notes to required supplementary information.

**SCHOOL DISTRICT OF FORT ATKINSON**  
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS  
AND GAAP REVENUES AND EXPENDITURES  
Year Ended June 30, 2019

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**SOURCES/INFLOWS OF RESOURCES:**

Actual General Fund operating revenues from the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 36,084,820
Reclassification: Special Education Fund revenues are included in the General Fund, required for GAAP reporting	<u>2,578,031</u>
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 38,662,851</u>

**USES/OUTFLOWS OF RESOURCES:**

Actual General Fund expenditures from the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 31,497,910
Reclassification: Special Education Fund expenditures are included in the General Fund, required for GAAP reporting	<u>7,513,835</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 39,011,745</u>

See accompanying notes to required supplementary information.



SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY(ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS\*

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2014	0.120025%	\$ (2,948,135)	\$ 16,422,849	17.95%	102.74%
12/31/2015	0.119409%	1,940,373	16,905,664	11.48%	98.20%
12/31/2016	0.119720%	986,780	17,776,360	5.55%	99.12%
12/31/2017	0.122952%	(3,650,602)	18,311,170	19.94%	102.93%
12/31/2018	0.125528%	4,465,905	19,460,303	22.95%	96.45%

SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS\*

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 1,149,599	\$ 1,149,599	\$ -	\$ 16,582,130	6.93%
6/30/2016	1,149,585	1,149,585	-	17,478,676	6.58%
6/30/2017	1,172,584	1,172,584	-	17,656,935	6.64%
6/30/2018	1,280,324	1,280,324	-	18,876,945	6.78%
6/30/2019	1,305,358	1,305,358	-	20,093,130	6.50%

See accompanying notes to required supplementary information.

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS  
Last 10 Fiscal Years\*

	2018	2017	2016
Actuarially Determined Contribution (ADC)	\$ 1,027,310	\$ 997,388	\$ 962,310
Contributions in relation to ADC	\$ 910,796	\$ 912,153	\$ 1,087,680
Contribution deficiency (excess)	\$ 116,514	\$ 85,235	\$ (125,370)
The District's covered-employee payroll	\$ 19,756,148	\$ 15,538,550	\$ 15,538,550
Contributions as a percentage of covered-employee payroll	4.61%	5.87%	7.00%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
Last 10 Fiscal Years\*

	2018	2017	2016
<b>Total OPEB Liability:</b>			
Service cost	\$ 567,538	\$ 610,961	\$ 610,961
Interest	377,229	330,612	330,889
Differences between expected and actual experience	(612,449)	-	-
Changes in assumptions or other input	(683,640)	(297,534)	-
Benefit payments	(864,430)	(865,058)	(1,037,149)
Net Change in OPEB Liability	(1,215,752)	(221,019)	(95,299)
Total OPEB liability - beginning	10,926,413	11,147,432	11,242,731
Total OPEB liability - ending (a)	<u>\$ 9,710,661</u>	<u>\$ 10,926,413</u>	<u>\$ 11,147,432</u>
<b>Total Fiduciary Net Position:</b>			
Contributions - Employer	\$ 910,796	\$ 912,153	\$ 1,087,680
Net investment income	11,190	14,113	6,758
Benefit payments	(864,430)	(865,058)	(1,037,149)
Administrative expense	(667)	-	-
Net change in fiduciary net position	56,889	61,208	57,289
Fiduciary net position - beginning	487,322	426,114	368,825
Fiduciary net position - ending (b)	<u>\$ 544,211</u>	<u>\$ 487,322</u>	<u>\$ 426,114</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 9,166,450</u>	<u>\$ 10,439,091</u>	<u>\$ 10,721,318</u>
Fiduciary net position as a percentage of the total OPEB liability	5.60%	4.46%	3.82%
Covered payroll	\$ 19,756,148	\$ 15,538,550	\$ 15,538,550
Net OPEB liability as a percentage of covered payroll	46.40%	67.18%	69.00%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

See accompanying notes to required supplementary information.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2019

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**NOTE 1—BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1 to the financial statements. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

**Excess Expenditures Over Appropriations**

The following general fund functions had an excess of actual expenditures over appropriations for the year ended June 30, 2019.

<u>Function</u>	<u>Excess Expenditures</u>
Regular instruction	\$ 51,360
Pupil services	4,532
Building administrative services	12,701
Insurance and judgments	11,212

**NOTE 2—WRS SCHEDULE OF CONTRIBUTIONS**

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

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

**NOTE 3—OPEB SCHEDULE OF CONTRIBUTIONS**

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

*Changes of assumptions.* The discount rate was changed to 3.50% from 3.00% due to a significant portion of assets held as fixed income, cash or cash equivalents.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2019

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**NOTE 4— NET OPEB LIABILITY AND RELATED RATIOS ASSUMPTIONS**

Methods and assumptions used to determine OPEB contribution rates are as follows:

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2018
Reporting Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal
Medical Care Trend:	7.50% decreasing by 0.50% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter.
Discount Rate:	3.75% based upon all years of projected payments discounted at a 3.75% long-term expected rate of return
Actuarial Assumptions:	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14.
Mortality Assumptions:	Wisconsin 2012 Mortality Table

## **OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF FORT ATKINSON**  
**COMBINING BALANCE SHEET—GENERAL FUND**  
June 30, 2019

	General Operating Fund	Special Education Fund	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 8,768,947	\$ 388,360	\$ 9,157,307
Accounts receivable	4,422,614	-	4,422,614
Due from other governments	804,658	365,793	1,170,451
Due from other funds	74,861	-	74,861
Prepaid expenditures	110,021	-	110,021
<b>Total assets</b>	<b>\$ 14,181,101</b>	<b>\$ 754,153</b>	<b>\$ 14,935,254</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 141,296	\$ 141,462	\$ 282,758
Accrued salaries and wages	1,746,858	426,137	2,172,995
Payroll taxes and withholdings	1,466,122	177,067	1,643,189
Medical claims payable	76,253	9,487	85,740
<b>Total liabilities</b>	<b>3,430,529</b>	<b>754,153</b>	<b>4,184,682</b>
<b>FUND BALANCES</b>			
Nonspendable	110,021	-	110,021
Restricted	18,740	-	18,740
Assigned	198,899	-	198,899
Unassigned	10,422,912	-	10,422,912
<b>Total fund balances</b>	<b>10,750,572</b>	<b>-</b>	<b>10,750,572</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,181,101</b>	<b>\$ 754,153</b>	<b>\$ 14,935,254</b>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GENERAL FUND**  
Year Ended June 30, 2019

	General Operating Fund	Special Education Fund	Total General Fund
<b>REVENUES</b>			
Taxes	\$ 14,355,338	\$ -	\$ 14,355,338
Local	327,110	-	327,110
Interdistrict payments	1,421,248	732	1,421,980
Intermediate sources	-	14,068	14,068
State	19,269,161	1,716,225	20,985,386
Federal	653,551	847,006	1,500,557
Other sources	58,412	-	58,412
Total revenues	36,084,820	2,578,031	38,662,851
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	14,488,089	-	14,488,089
Vocational instruction	1,146,394	-	1,146,394
Physical instruction	1,059,383	-	1,059,383
Special education instruction	-	5,562,788	5,562,788
Other instruction	1,174,100	-	1,174,100
Total instruction	17,867,966	5,562,788	23,430,754
Support services			
Pupil services	1,362,566	767,775	2,130,341
Instructional staff services	1,622,900	205,635	1,828,535
General administrative services	389,808	-	389,808
Building administrative services	1,789,524	-	1,789,524
Business administrative services	4,660,757	406,484	5,067,241
Central services	425,417	-	425,417
Insurance and judgments	287,853	-	287,853
Other support services	2,361,991	553,553	2,915,544
Total support services	12,900,816	1,933,447	14,834,263
Capital outlay	728,653	17,600	746,253
Debt service			
Interest and fees	475	-	475
Total expenditures	31,497,910	7,513,835	39,011,745
Excess (deficiency) of revenues over (under) expenditures	4,586,910	(4,935,804)	(348,894)
Other financing sources (uses)			
Proceeds from sale of assets	53,873	-	53,873
Transfers in (out)	(4,947,499)	4,935,804	(11,695)
Total other financing sources (uses)	(4,893,626)	4,935,804	42,178
<b>Net change in fund balances</b>	(306,716)	-	(306,716)
Fund balances at beginning of year	11,057,288	-	11,057,288
<b>Fund balances at end of year</b>	<b>\$ 10,750,572</b>	<b>\$ -</b>	<b>\$ 10,750,572</b>



**SCHOOL DISTRICT OF FORT ATKINSON**  
**COMBINING BALANCE SHEET—NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2019

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Special Revenue	School Nutrition Services	Community Services	Package Cooperative	Debt Service Fund	Capital Projects Fund	
<b>ASSETS</b>							
Cash and investments	\$ 145,520	\$ -	\$ 71,522	\$ -	\$ 1,318,116	\$ 104	\$ 1,535,262
Accounts receivable	48,991	3,048	-	-	-	-	52,039
Due from other governments	-	75,132	-	18,344	-	-	93,476
Inventory	-	15,820	-	-	-	-	15,820
Prepaid expenditures	-	244	-	-	-	-	244
<b>Total assets</b>	<b>\$ 194,511</b>	<b>\$ 94,244</b>	<b>\$ 71,522</b>	<b>\$ 18,344</b>	<b>\$ 1,318,116</b>	<b>\$ 104</b>	<b>\$ 1,696,841</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 15,255	\$ 2,338	\$ -	\$ 297	\$ -	\$ -	\$ 17,890
Payroll taxes and withholdings	-	-	1,051	-	-	-	1,051
Due to other funds	-	56,814	-	18,047	-	-	74,861
Unearned revenue	-	19,028	-	-	-	-	19,028
<b>Total liabilities</b>	<b>15,255</b>	<b>78,180</b>	<b>1,051</b>	<b>18,344</b>	<b>-</b>	<b>-</b>	<b>112,830</b>
<b>FUND BALANCES</b>							
Nonspendable	-	16,064	-	-	-	-	16,064
Restricted	179,256	-	70,471	-	1,318,116	104	1,567,947
<b>Total fund balances</b>	<b>179,256</b>	<b>16,064</b>	<b>70,471</b>	<b>-</b>	<b>1,318,116</b>	<b>104</b>	<b>1,584,011</b>
<b>Total liabilities and fund balances</b>	<b>\$ 194,511</b>	<b>\$ 94,244</b>	<b>\$ 71,522</b>	<b>\$ 18,344</b>	<b>\$ 1,318,116</b>	<b>\$ 104</b>	<b>\$ 1,696,841</b>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2019**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Special Revenue	School Nutrition Services	Community Services	Package Cooperative	Debt Service Fund	Capital Projects Fund	
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,582,218	\$ -	\$ 1,582,218
Local	544,712	517,351	20,282	-	16,674	3	1,099,022
Interdistrict payments	-	-	-	18,344	-	-	18,344
State	-	21,339	-	-	-	-	21,339
Federal	-	611,901	-	-	-	-	611,901
Total revenues	544,712	1,150,591	20,282	18,344	1,598,892	3	3,332,824
<b>EXPENDITURES</b>							
Instruction							
Regular instruction	47,189	-	-	-	-	-	47,189
Vocational instruction	9,473	-	-	5,010	-	-	14,483
Other instruction	323,342	-	-	-	-	-	323,342
Total instruction	380,004	-	-	5,010	-	-	385,014
Support services							
Pupil services	12,835	-	-	-	-	-	12,835
Instructional staff services	4,823	-	-	4,956	-	-	9,779
Building administrative services	19,172	-	-	-	-	-	19,172
Business administrative services	1,951	1,168,006	-	-	-	-	1,169,957
Central services	60	-	-	-	-	-	60
Other support services	-	-	26,355	-	-	-	26,355
Total support services	38,841	1,168,006	26,355	4,956	-	-	1,238,158
Capital outlay	109,765	2,950	-	8,378	-	-	121,093
Debt service							
Principal	-	-	-	-	695,000	-	695,000
Interest and fees	-	-	-	-	138,275	-	138,275
Total expenditures	528,610	1,170,956	26,355	18,344	833,275	-	2,577,540
Excess (deficiency) of revenues over (under) expenditures	16,102	(20,365)	(6,073)	-	765,617	3	755,284
Other financing sources							
Transfers in	-	11,695	-	-	-	-	11,695
<b>Net change in fund balances</b>	16,102	(8,670)	(6,073)	-	765,617	3	766,979
Fund balances at beginning of year	163,154	24,734	76,544	-	552,499	101	817,032
<b>Fund balances at end of year</b>	<b>\$ 179,256</b>	<b>\$ 16,064</b>	<b>\$ 70,471</b>	<b>\$ -</b>	<b>\$ 1,318,116</b>	<b>\$ 104</b>	<b>\$ 1,584,011</b>

**SCHOOL DISTRICT OF FORT ATKINSON**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES—AGENCY FUNDS**  
Year Ended June 30, 2019

	Balance 7/1/2018	Additions	Deductions	Balance 6/30/2019
<b>ASSETS</b>				
Cash and investments	\$ 124,905	\$ 262,575	\$ 257,003	\$ 130,477
<b>LIABILITIES</b>				
Due to student organizations				
Barrie Elementary	\$ 20,228	\$ 8,935	\$ 7,401	\$ 21,762
Luther Elementary	7,794	1,810	4,540	5,064
Purdy Elementary	5,938	4,517	3,050	7,405
Rockwell Elementary	2,612	5,940	4,777	3,775
Middle School	5,027	7,591	10,772	1,846
High School	83,306	233,782	226,463	90,625
<b>Total liabilities</b>	\$ 124,905	\$ 262,575	\$ 257,003	\$ 130,477

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
AND OTHER AUDITORS' REPORTS**

**SCHOOL DISTRICT OF FORT ATKINSON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant ID	Passed Through to Subrecipients	Accrued or (Unearned) Revenue at 7/1/18	Receipts	Expenditures	Accrued or (Unearned) Revenue at 6/30/19
<b>Department of Agriculture</b>							
Pass-through program from Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
School Breakfast Program	10.553	2019-281883-SB-546	\$ -	\$ 5,397	\$ 61,088	\$ 65,938	\$ 10,247
National School Lunch Program - Lunch	10.555	2019-281883-NSL-547	-	63,151	433,626	434,334	63,859
National School Lunch Program - Snacks	10.555	2019-281883-NSL-Snacks-561	-	755	5,023	5,295	1,027
National School Lunch Program - Donated Commodities	10.555	2019-281883-NSL-547	-	-	72,507	72,507	-
Summer Food Service Program	10.559	2019-281883-SFSP-586	-	-	33,826	33,826	-
<b>Total Department of Agriculture</b>			-	69,303	606,070	611,900	75,133
<b>Department of Education</b>							
Pass-through program from Wisconsin Department of Public Instruction							
Special Education Cluster							
Special Education--Grants to States	84.027	2019-281883-IDEA-341	-	547,702	830,714	647,764	364,752
Special Education--Preschool Grants	84.173	2019-281883-IDEA-PS-347	-	11,416	11,416	11,208	11,208
<b>Total Special Education Cluster</b>			-	559,118	842,130	658,972	375,960
Title I Grants to Local Education Agencies	84.010	2019-281883-TIA-141	-	120,433	229,790	319,251	209,894
English Language Acquisition State Grants	84.365	2019-281883-TIIIA-391	-	23,491	23,491	18,779	18,779
Improving Teacher Quality State Grants	84.367	2019-281883-TII-365	-	19,998	90,179	94,547	24,366
ESEA Title IV-A Student Support and Acad Enrich Grant	84.424	2019-281883-TIVA-381	-	-	4,516	20,299	15,783
Pass-through program from School District of Jefferson							
Career and Technical Education - Basic Grants to States	84.048	2019 - 282702 - Carl Perkins CTE grant - 400	-	13,757	13,757	18,344	18,344
<b>Total Department of Education</b>			-	736,797	1,203,863	1,130,192	663,126
<b>Department of Health and Human Services</b>							
Pass-through program from Wisconsin Medicaid and Badgercare Programs							
Medical Assistance Program	93.778	44210100	-	54,092	388,578	388,710	54,224
<b>Total Federal Programs</b>			\$ -	\$ 860,192	\$ 2,198,511	\$ 2,130,802	\$ 792,483

See accompanying notes to schedule of expenditures of federal and state awards.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2019

State Grantor/ Program Title	State Identifying Number	Grant ID	Passed Through to Subrecipients	Accrued or (Unearned) Revenue at 7/1/18	Receipts	Expenditures	Accrued or (Unearned) Revenue at 6/30/19
<b>Wisconsin Department of Public Instruction</b>							
Special Education and School Age Parents	255.101	281883-100	\$ -	\$ -	\$ 1,537,150	\$ 1,537,150	\$ -
State School Lunch Aid	255.102	281883-107	-	-	11,571	11,571	-
Common School Fund Library Aid	255.103	281883-104	-	-	99,646	99,646	-
General Transportation Aid for Public School Pupils	255.107	281883-102	-	-	17,532	17,532	-
Wisconsin School Day Milk Program	255.115	281883-109	-	-	6,666	6,666	-
Equalization Aids	255.201	281883-116	-	284,267	16,902,028	16,900,396	282,635
High Cost Special Education Aid	255.210	281883-119	-	-	174,075	174,075	-
Personal Electronic Computer Device	255.296	281883-175	-	-	30,250	30,250	-
Mental Health Consortium	255.297	281883-177	-	-	-	2,653	2,653
School Breakfast Program	255.344	281883-108	-	-	3,102	3,102	-
Educator Effective Eval Sys Grants Public	255.940	281883-154	-	15,610	16,665	22,065	21,010
Per Pupil Aid	255.945	281883-113	-	-	1,810,926	1,810,926	-
Career and Technical Education Incentive Grants	255.950	281883-152	-	-	59,000	59,000	-
Assessments of Reading Readiness	255.956	281883-166	-	-	6,245	6,245	-
Aid for Special Ed Transition Grant BBL	255.960	281883-168	-	-	5,000	5,000	-
Pass-through Whitewater Unified School District Peer Review and Mentoring	255.301	281883-141	-	8,623	-	4,557	-
<b>Total Wisconsin Department of Public Instruction</b>			-	308,500	20,679,856	20,690,834	306,298
<b>Wisconsin Department of Justice</b>							
School Safety Grant	455.201	2018-SSI-01-14531	-	-	28,852	52,927	24,075
School Initiative Grant	455.201	2018-SSI-01-13449	-	-	81,168	146,462	65,294
<b>Total Wisconsin Department of Justice</b>			-	-	110,020	199,389	89,369
<b>Wisconsin Department of Revenue</b>							
Exempt Computer Aid	n/a	2018	-	61,934	61,934	63,433	63,433
Personal Property Tax	n/a	2018	-	-	54,500	54,500	-
<b>Total Wisconsin Department of Revenue</b>			-	61,934	116,434	117,933	63,433
<b>Total State Programs</b>			\$ -	\$ 370,434	\$ 20,906,310	\$ 21,008,156	\$ 459,100

See accompanying notes to schedule of expenditures of federal and state awards.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2019

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**NOTE 1—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the District under programs of the federal government and state agencies for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Specifically, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3—INDIRECT COST RATE**

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

**NOTE 4—FOOD DONATION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, there were no commodities in inventory at the District.

**NOTE 5—OVERSIGHT AGENCIES**

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

**NOTE 6—ELIGIBLE COSTS FOR SPECIAL EDUCATION**

Eligible costs for special education under project 011 were \$6,586,916 for the year ended June 30, 2019.

**SCHOOL DISTRICT OF FORT ATKINSON**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2019

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2018-001      Reconciliation of Lunch Revenues

Condition: No reconciliation of school lunch fees between softwares.

Recommendation: Reconcile PowerSchool and LunchBox student fees and lunch fees received to student fees and lunch revenue accounts in Skyward general ledger.

Current Status: The District switched to eTriton software which better reconciles to Skyward. Finding has been resolved.



INDEPENDENT AUDITOR'S 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*

To the Board of Education  
School District of Fort Atkinson  
Fort Atkinson, Wisconsin

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Fort Atkinson as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District of Fort Atkinson's basic financial statements, and have issued our report thereon dated November 15, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District of Fort Atkinson'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 School District of Fort Atkinson's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District of Fort Atkinson'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District of Fort Atkinson'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*.

### **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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 15, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

To the Board of Education  
School District of Fort Atkinson  
Fort Atkinson, Wisconsin

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

We have audited the School District of Fort Atkinson's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* (the *Guidelines*) that could have a direct and material effect on each of the School District of Fort Atkinson's major federal programs and each of its major state programs for the year ended June 30, 2019. The School District of Fort Atkinson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District of Fort Atkinson's major federal programs and each of its major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Guidelines*. Those standards, the Uniform Guidance, and the *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 major state program occurred. An audit includes examining, on a test basis, evidence about the School District of Fort Atkinson'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 program and each major state program. However, our audit does not provide a legal determination of the School District of Fort Atkinson's compliance.

***Opinion on Each Major Federal and Each Major State Program***

In our opinion, the School District of Fort Atkinson 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 programs and each of its major state programs for the year ended June 30, 2019.

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

Management of the School District of Fort Atkinson 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 School District of Fort Atkinson's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District of Fort Atkinson's internal control over compliance.

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

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

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

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 15, 2019

**SCHOOL DISTRICT OF FORT ATKINSON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2019

**Section I—Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555 93.778	Child Nutrition Cluster Medical Assistance Program

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

Auditee qualified as low-risk auditee? Yes

*State Awards*

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported? No

**SCHOOL DISTRICT OF FORT ATKINSON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2019

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Identification of major state programs:

State Identifying Number	Name of State Program
255.201	Equalization Aids
255.101	Special Education and School Age Parents
255.945	Per Pupil Aid

**Section II—Financial Statement Findings**

No matters were reported.

**Section III—Federal and State Award Findings and Questioned Costs**

No matters were reported.

**Section IV—Other Issues**

Does the auditor's 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

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines* :

Department of Public Instruction No

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

Name and signature of partner



\_\_\_\_\_  
Scott R. Haumersen, CPA

Date of report November 15, 2019