

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
Waunakee, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the School Board  
Waunakee Community School District  
Waunakee, Wisconsin

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

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Waunakee Community School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Waunakee Community School District's basic financial statements as listed in the table of contents.

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

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

### ***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 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, the business-type activity, each major fund, and the aggregate remaining fund information of the Waunakee Community School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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) - Wisconsin Retirement System, schedule of contributions - Wisconsin Retirement System, schedule of employer OPEB contributions, schedule of changes in net OPEB liability and related ratios, and notes to required supplementary information, as stated 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 Waunakee Community School District'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 by 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 12, 2019 on our consideration of the Waunakee Community School District'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 Waunakee Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waunakee Community School District's internal control over financial reporting and compliance.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 12, 2019

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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The discussion and analysis of the financial performance of the Waunakee Community School District (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**

The District's government-wide financial statements reflect the following:

- Total net position of the District increased to \$27,426,072 or 4.14% at June 30, 2019. Total governmental activity revenues increased to \$61,081,207 in fiscal year 2019, up from \$58,655,072 in fiscal year 2018, an increase of approximately 4.14%. Total governmental activity expenses increased to \$59,989,868 in fiscal year 2019, up from \$57,474,552 in the year ended June 30, 2018, an increase of 4.38%.
- Total business-type activity revenues increased to \$2,260,541 in fiscal year 2019, up from \$2,127,333 in fiscal year 2018, an increase of 6.26%.

The District's governmental fund financial statements reflect the following:

- Total fund balances of the District's governmental funds increased \$136,740 in fiscal year 2019. This increase included a \$682,589 decrease in the general fund, a \$230,860 increase in the debt service fund, and a \$588,469 increase in the nonmajor governmental funds. The change in the District's general fund balance is the result of capital maintenance expenditures approved by the School Board for the summer of 2018, which is connected to an increase in the fund balance in Fund 41. The School Board is intentionally increasing the Fund 41 fund balance for the fiscal years ending in 2018, 2019, and 2020 while decreasing the District's general fund balance.
- The fund balance for all governmental funds at June 30, 2019 was \$10,553,577. Of this amount, \$178,971 was restricted for special purposes, \$1,330,943 was restricted for capital projects, \$1,907,092 was restricted for debt service, \$59,834 was restricted for community services, \$23,405 was restricted for general fund, \$385,141 was committed for band uniforms and parking lot replacement, \$1,534,637 was assigned for maintenance projects, and \$5,133,554 remains unassigned.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. Those 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 District as a whole, using accounting methods similar to those used by private sector companies.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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

The *statement of net position* presents financial information on 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 or deteriorating. 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 *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.

Both of the District-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activity). The governmental activities of the District include the general operations, special education, debt service, and capital project. The District reports nutrition services as a business-type activity.

**Fund Financial Statements**

The *fund financial statements* provide detailed information about the District's significant funds rather than the District 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 three categories: governmental, proprietary, 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.
- *Proprietary Funds*—The District reports nutrition services as a proprietary fund. Proprietary funds provide the same type of information as the District-wide financial statements, only in more detail.
- *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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
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>Proprietary</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 day-to-day operating activities of the District for business-type enterprises	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 Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</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.	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 and liabilities, financial and capital; short-term and long-term.	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 revenue and expenses during the year, regardless of when the cash is received or paid.	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 as listed in the table of contents.

**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 postemployment benefits (OPEB) liability and certain detail of the District's net pension liability.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
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 \$27,426,072 of which \$24,694,681 was the net investment in capital assets, \$59,834 was restricted for community services, \$178,971 was restricted by donors, \$1,330,943 was restricted for capital projects, \$1,252,152 was restricted for debt service, \$23,405 was restricted for general fund, \$242,8781 was restricted for food service, and (\$113,914) was deficit unrestricted net position. Unrestricted net position represents the discretionary resources that can be used to fund general District operations.

For governmental activities, capital assets increased due to new construction during the year.

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

	Governmental Activities		Business-Type Activity		Total		% Change
	2019	2018	2019	2018	2019	2018	
<b>ASSETS</b>							
Current and other assets	\$ 17,947	\$ 19,340	\$ 320	\$ 456	\$ 18,267	\$ 19,796	-7.72%
Capital assets	100,500	103,385	69	27	100,569	103,412	-2.75%
Total assets	118,447	122,725	389	483	118,836	123,208	-3.55%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	26,706	14,704	45	29	26,751	14,733	81.57%
<b>LIABILITIES</b>							
Long-term liabilities	82,902	90,413	-	-	82,902	90,413	-8.31%
Other liabilities	12,589	4,408	83	68	12,672	4,476	183.11%
Total liabilities	95,491	94,821	83	68	95,574	94,889	0.72%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	20,437	16,273	33	33	20,470	16,306	25.54%
<b>NET POSITION</b>							
Net investment in capital assets	24,695	22,626	69	38	24,764	22,664	9.27%
Restricted	2,845	5,574	243	373	3,088	5,947	-48.07%
Unrestricted	(114)	(1,865)	-	-	(114)	(1,865)	-93.89%
Total net position	\$ 27,426	\$ 26,335	\$ 312	\$ 411	\$ 27,738	\$ 26,746	3.71%

**Changes in Net Position**

*Governmental Activities*

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2019 with an increase in net position of \$1,091,339, compared to an increase of \$1,180,521 in fiscal year 2018.

The District received \$61,081,207 in revenue for the fiscal year 2019. The District relies primarily on property taxes (49.7% of total governmental revenues), and state equalization aid (33.1%) to fund governmental activities. The District received approximately 15.1% 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 4.3% 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 \$6,605,614. Operating grants include Title I, IDEA, and Transportation Aid.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

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

*Business-Type Activity*

Individuals who directly benefited from services paid all of the cost. Fees charged to students and adults for meals are included as charges for services.

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

	Governmental Activities		Business-Type Activity		Total		% Change
	2019	2018	2019	2018	2019	2018	
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 2,614	\$ 2,323	\$ 2,260	\$ 2,128	\$ 4,874	\$ 4,451	9.50%
Operating grants	6,606	6,064	-	-	6,606	6,064	8.94%
General revenues							
Property taxes	30,332	29,775	-	-	30,332	29,775	1.87%
General aid	20,239	19,968	-	-	20,239	19,968	1.36%
Other	1,290	524	-	-	1,290	524	146.18%
<b>Total revenues</b>	<b>61,081</b>	<b>58,654</b>	<b>2,260</b>	<b>2,128</b>	<b>63,341</b>	<b>60,782</b>	<b>4.21%</b>
<b>EXPENSES</b>							
Instruction	32,123	31,609	-	-	32,123	31,609	1.63%
Administration and business	21,296	19,882	-	-	21,296	19,882	7.11%
Interest on debt	2,596	2,621	-	-	2,596	2,621	-0.95%
Other	3,975	3,362	2,359	2,097	6,334	5,459	16.03%
<b>Total expenses</b>	<b>59,990</b>	<b>57,474</b>	<b>2,359</b>	<b>2,097</b>	<b>62,349</b>	<b>59,571</b>	<b>4.66%</b>
<b>Change in net position</b>	<b>\$ 1,091</b>	<b>\$ 1,180</b>	<b>\$ (99)</b>	<b>\$ 31</b>	<b>\$ 992</b>	<b>\$ 1,211</b>	<b>-18.08%</b>

Table 4 presents the cost of governmental 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 \$59,989,868. Individuals who directly participated or benefited from a program offering paid for \$2,614,953 of costs. Federal and state governments funding, along with other general contributions, subsidized certain programs with grants and contributions of \$6,605,614. The net cost of governmental activities, \$50,769,301 was financed primarily by \$30,332,239 of property taxes and \$20,854,661 of federal and state unrestricted aid.

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

	Total Cost of Services	Net Cost of Services
<b>EXPENSES</b>		
Instruction	\$ 32,123	\$ (23,250)
Pupil and instructional services	5,139	(5,139)
Administration and business	16,157	(16,073)
Interest on debt	2,596	(2,596)
Other	3,975	(3,712)
<b>Total expenses</b>	<b>\$ 59,990</b>	<b>\$ (50,770)</b>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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**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 \$10,553,577, up from last year's ending fund balance of \$10,416,837. The District's unassigned fund balance, available for spending at the district's discretion was \$5,133,554.

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 \$652,589, compared to a decrease of \$715,257 in the prior year. The change in the District's general fund balance is the result of capital maintenance expenditures approved by the School Board for the summer of 2018, which is connected to an increase in the fund balance in Fund 41. The School Board is intentionally increasing the Fund 41 fund balance for the fiscal years ending in 2018, 2019, and 2020 while decreasing the District's general fund balance.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

While the District's original budget for the general fund anticipated that expenditures would exceed revenues and other financing sources by \$518,125, the actual results for the year ended June 30, 2019 had expenses in excess of revenues and other financing sources by \$682,589.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2019, the District had \$149,408,389 in capital assets, including land, construction in progress, land improvements, buildings, and furniture and equipment. Total accumulated depreciation on these assets was \$48,839,648. Asset acquisitions for governmental activities totaled \$726,223. The District recognized depreciation expense of \$3,609,205. Detailed information about capital assets can be found in Note 4 to the financial statements.

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

	<b>Governmental Activities</b>		<b>Business-Type Activity</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	2,725	2,725	\$ -	\$ -	\$ 2,725	\$ 2,725
Construction in progress	75	25	-	-	75	25
Land improvements	1,912	1,912	-	-	1,912	1,912
Buildings	136,161	136,024	-	-	136,560	136,383
Furniture and equipment	8,136	8,462	399	359	7,806	8,130
Accumulated depreciation	(48,509)	(45,763)	(330)	(332)	(48,839)	(46,095)
Net capital assets	<u>\$ 100,500</u>	<u>\$ 103,385</u>	<u>\$ 69</u>	<u>\$ 27</u>	<u>\$ 100,239</u>	<u>\$ 103,080</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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**Long-Term Debt**

At June 30, 2019, the District had \$75,804,991 in general obligation debt outstanding—a decrease of \$4,894,876 from fiscal 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 6 to the financial statements.

	<u>2019</u>	<u>2018</u>
General obligation debt	\$ 75,805	\$ 80,700
Capital leases	-	59
Compensated absences	2,634	2,565
Other postemployment benefits	4,463	7,089
	<u>          </u>	<u>          </u>
Total	<u>\$ 82,902</u>	<u>\$ 90,413</u>

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

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

- The general fund balance will decrease again in 2019-20 due to capital maintenance expenditures approved for the summer of 2019. The anticipated decrease is \$433,686, which will place the fund balance below the School Board policy target of 15%.
- While the general fund balance is decreasing, the fund 41 capital projects fund balance will increase in 2019-20 by \$534,296 to \$1,852,738. This will be the third year of a three-year plan to increase the fund 41 capital projects fund balance.
- The School Board has hired an architectural firm, and a construction management firm, to being the process of planning for a future facility referendum. A referendum date of November 2020 has been identified as a planning goal. The referendum will likely include the construction of a new middle school, remodeling at Heritage Elementary School, the creation of a high school campus incorporating the existing middle school, district wide maintenance projects, and an operational referendum question.

**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:

Randy Guttenberg, District Superintendent at (608) 849-2000 or [rguttenberg@waunakee.k12.wi.us](mailto:rguttenberg@waunakee.k12.wi.us)

Steve Summers, Executive Director of Operations, at (608) 849-2000 or [ssummers@waunakee.k12.wi.us](mailto:ssummers@waunakee.k12.wi.us)

Additional information about the District and its services can also be found on the District's website at [www.waunakee.k12.wi.us](http://www.waunakee.k12.wi.us)

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 8,983,935	\$ 310,411	\$ 9,294,346
Accounts receivable	8,243,485	-	8,243,485
Due from other governments	720,273	9,602	729,875
Capital assets not being depreciated	2,799,693	-	2,799,693
Capital assets being depreciated, net	97,699,979	69,069	97,769,048
<b>Total assets</b>	<b>118,447,365</b>	<b>389,082</b>	<b>118,836,447</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	25,955,531	44,618	26,000,149
Related to other postemployment benefits	750,273	-	750,273
<b>Total deferred outflows of resources</b>	<b>26,705,804</b>	<b>44,618</b>	<b>26,750,422</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,798,549	5,877	1,804,426
Short-term notes payable	5,480,000	-	5,480,000
Due to other funds	577	-	577
Accrued interest	769,930	-	769,930
Unearned revenues	-	71,258	71,258
Net pension liability	6,338,732	11,426	6,350,158
Noncurrent Liabilities			
Due within one year	4,795,000	-	4,795,000
Due in more than one year	78,106,917	-	78,106,917
<b>Total liabilities</b>	<b>97,289,705</b>	<b>88,561</b>	<b>97,378,266</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pension	18,413,611	33,192	18,446,803
Related to other postemployment benefits	2,023,781	-	2,023,781
<b>Total deferred inflows of resources</b>	<b>20,437,392</b>	<b>33,192</b>	<b>20,470,584</b>
<b>NET POSITION</b>			
Net investment in capital assets	24,694,681	69,069	24,763,750
Restricted	2,845,305	242,878	3,088,183
Unrestricted	(113,914)	-	(113,914)
<b>Total net position</b>	<b>\$ 27,426,072</b>	<b>\$ 311,947</b>	<b>\$ 27,738,019</b>

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2019

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction						
Regular instruction	\$ 22,809,654	\$ 2,294,661	\$ 3,914,384	\$ (16,600,609)	\$ -	\$ (16,600,609)
Vocational instruction	1,820,381	31,532	30,040	(1,758,809)	-	(1,758,809)
Physical instruction	754,294	-	-	(754,294)	-	(754,294)
Special education instruction	5,606,037	2,426	2,522,107	(3,081,504)	-	(3,081,504)
Other instruction	1,133,036	78,674	-	(1,054,362)	-	(1,054,362)
<b>Total instruction</b>	<b>32,123,402</b>	<b>2,407,293</b>	<b>6,466,531</b>	<b>(23,249,578)</b>	<b>-</b>	<b>(23,249,578)</b>
Support services						
Pupil services	2,426,705	-	-	(2,426,705)	-	(2,426,705)
Instructional staff services	2,711,854	-	-	(2,711,854)	-	(2,711,854)
General administrative services	950,757	-	-	(950,757)	-	(950,757)
Building administrative services	3,555,633	-	-	(3,555,633)	-	(3,555,633)
Business administrative services	11,278,704	-	-	(11,278,704)	-	(11,278,704)
Pupil transportation	-	15,756	68,671	84,427	-	84,427
Central services	56,221	-	-	(56,221)	-	(56,221)
Insurance and judgments	315,918	-	-	(315,918)	-	(315,918)
Other support services	3,974,678	191,904	70,412	(3,712,362)	-	(3,712,362)
Interest on debt	2,595,996	-	-	(2,595,996)	-	(2,595,996)
<b>Total support services</b>	<b>27,866,466</b>	<b>207,660</b>	<b>139,083</b>	<b>(27,519,723)</b>	<b>-</b>	<b>(27,519,723)</b>
<b>Total governmental activities</b>	<b>59,989,868</b>	<b>2,614,953</b>	<b>6,605,614</b>	<b>(50,769,301)</b>	<b>-</b>	<b>(50,769,301)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
School nutrition services	2,359,141	2,260,541	-	-	(98,600)	(98,600)
<b>Total school district</b>	<b>\$ 62,349,009</b>	<b>\$ 4,875,494</b>	<b>\$ 6,605,614</b>	<b>\$ (50,769,301)</b>	<b>\$ (98,600)</b>	<b>\$ (50,867,901)</b>
<b>GENERAL REVENUES</b>						
TAXES						
Property taxes, levied for general purposes				22,165,174	-	22,165,174
Property taxes, levied for debt service				7,319,769	-	7,319,769
Property taxes, levied for specific purposes				847,296	-	847,296
FEDERAL AND STATE AID NOT RESTRICTED						
General (equalization aid)				20,238,540	-	20,238,540
Other				616,121	-	616,121
Interest and investment earnings				196,656	-	196,656
Gain on disposal of assets				31,892	-	31,892
Miscellaneous				445,192	-	445,192
Change in net position				1,091,339	(98,600)	992,739
Net Position at beginning of year				26,334,733	410,547	26,745,280
<b>Net Position at end of year</b>				<b>\$ 27,426,072</b>	<b>\$ 311,947</b>	<b>\$ 27,738,019</b>

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
June 30, 2019

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 5,209,573	\$ 1,907,092	\$ 1,867,270	\$ 8,983,935
Accounts receivable	8,174,000	-	69,485	8,243,485
Due from other governments	708,428	-	11,845	720,273
Due from other funds	177,124	-	-	177,124
<b>Total assets</b>	<b>\$ 14,269,125</b>	<b>\$ 1,907,092</b>	<b>\$ 1,948,600</b>	<b>\$ 18,124,817</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 652,629	\$ -	\$ 28,002	\$ 680,631
Accrued salaries and wages	27,457	-	10,795	38,252
Payroll taxes and withholdings	906,426	-	-	906,426
Due to other funds	177,701	-	-	177,701
Due to other governments	-	-	42,024	42,024
Medical claims payable	131,216	-	-	131,216
Short term notes payable	5,480,000	-	-	5,480,000
Accrued interest payable	114,990	-	-	114,990
<b>Total liabilities</b>	<b>7,490,419</b>	<b>-</b>	<b>80,821</b>	<b>7,571,240</b>
<b>FUND BALANCES</b>				
Restricted	23,405	1,907,092	1,569,748	3,500,245
Committed	87,110	-	298,031	385,141
Assigned	1,534,637	-	-	1,534,637
Unassigned	5,133,554	-	-	5,133,554
<b>Total fund balances</b>	<b>6,778,706</b>	<b>1,907,092</b>	<b>1,867,779</b>	<b>10,553,577</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,269,125</b>	<b>\$ 1,907,092</b>	<b>\$ 1,948,600</b>	<b>\$ 18,124,817</b>

See accompanying notes.

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

Total fund balances—governmental funds		\$ 10,553,577
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	\$ 149,009,258	
Accumulated depreciation	<u>(48,509,586)</u>	
Net capital assets		100,499,672
The net pension liability is not an available resource and, therefore, is not reported in the funds.		(6,338,732)
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	(72,860,000)	
Accrued interest payable	(654,940)	
Unamortized premium on issuance of debt	(2,944,991)	
Compensated absences	(2,634,314)	
Other postemployment benefit liability	(4,462,612)	
Deferred outflows related to pension	25,955,531	
Deferred inflows related to pension	(18,413,611)	
Deferred outflows related to other postemployment benefits	750,273	
Deferred inflows related to other postemployment benefits	<u>(2,023,781)</u>	
Total long-term obligations		<u>(77,288,445)</u>
Total net position—governmental activities		<u>\$ 27,426,072</u>

See accompanying notes.

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

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 22,165,174	\$ 7,319,769	\$ 847,296	\$ 30,332,239
Local	868,729	32,667	846,968	1,748,364
Interdistrict payments	1,500,108	-	279,989	1,780,097
Intermediate sources	6,880	-	-	6,880
State	25,538,490	-	-	25,538,490
Federal	1,198,052	-	-	1,198,052
Other sources	179,898	265,485	-	445,383
Total revenues	51,457,331	7,617,921	1,974,253	61,049,505
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	22,315,437	-	83,183	22,398,620
Vocational instruction	1,802,061	-	5,544	1,807,605
Physical instruction	739,739	-	-	739,739
Special education instruction	5,592,361	-	-	5,592,361
Other instruction	850,376	-	262,378	1,112,754
Total instruction	31,299,974	-	351,105	31,651,079
Support services				
Pupil services	2,341,011	-	85,651	2,426,662
Instructional staff services	2,375,081	-	279,464	2,654,545
General administrative services	950,684	-	-	950,684
Building administrative services	3,520,871	-	-	3,520,871
Business administrative services	8,163,668	-	59,024	8,222,692
Central services	9,822	-	-	9,822
Insurance and judgments	314,071	-	1,847	315,918
Other support services	2,440,792	-	447,690	2,888,482
Total support services	20,116,000	-	873,676	20,989,676
Capital outlay	565,220	-	161,003	726,223
Debt service				
Principal	58,712	4,595,000	-	4,653,712
Interest and fees	133,980	2,792,061	-	2,926,041
Total expenditures	52,173,886	7,387,061	1,385,784	60,946,731
Excess (deficiency) of revenues over (under) expenditures	(716,555)	230,860	588,469	102,774
Other financing sources (uses)				
Proceeds from sale of capital assets	33,966	-	-	33,966
<b>Net change in fund balances</b>	(682,589)	230,860	588,469	136,740
Fund balances at beginning of year	7,461,295	1,676,232	1,279,310	10,416,837
<b>Fund balances at end of year</b>	<b>\$ 6,778,706</b>	<b>\$ 1,907,092</b>	<b>\$ 1,867,779</b>	<b>\$ 10,553,577</b>

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**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		\$ 136,740
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	\$ 726,223	
Depreciation expense reported in the statement of activities	(3,609,205)	
Net book value of assets disposed of	<u>(2,264)</u>	(2,885,246)
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		4,595,000
Capital leases		58,712
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	30,169	
Amortization of premium on issuance of debt	239,404	
Amortization of gain on refunding	60,472	
Net decrease in other postemployment benefit liability	1,285,968	
Net increase in compensated absences	(69,457)	
Net increase in pension expense	<u>(2,360,423)</u>	(813,867)
Change in net position of governmental activities		<u>\$ 1,091,339</u>

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION—PROPRIETARY FUNDS**  
June 30, 2019

	School Nutrition Services
<b>ASSETS</b>	
CURRENT ASSETS	
Cash and investments	\$ 310,411
Due from other governments	9,602
Total current assets	320,013
NONCURRENT ASSETS	
Furniture and equipment	399,131
Accumulated depreciation	(330,062)
Total noncurrent assets	69,069
Total assets	389,082
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pension	44,618
<b>LIABILITIES</b>	
CURRENT LIABILITIES	
Accounts payable	5,877
Unearned revenues	71,258
Total current liabilities	77,135
NONCURRENT LIABILITIES	
Net pension liability	11,426
Total liabilities	88,561
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pension	33,192
<b>NET POSITION</b>	
Net investment in capital assets	69,069
Restricted	242,878
<b>Total net position</b>	<b>\$ 311,947</b>

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION—PROPRIETARY FUNDS**  
Year Ended June 30, 2019

	School Nutrition Services
<b>REVENUES</b>	
Food sales	\$ 2,260,541
<b>OPERATING EXPENSES</b>	
Salaries and wages	63,054
Benefits	21,848
Supplies and materials	2,264,399
Depreciation	9,840
Total operating expenses	2,359,141
Change in net position	(98,600)
Net position at beginning of year	410,547
<b>Net position at end of year</b>	<b>\$ 311,947</b>

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS**  
Year Ended June 30, 2019

	School Nutrition Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from user charges	\$ 2,267,611
Received from government payments	938
Payments to and on behalf of employees	(77,572)
Payments to suppliers for goods and services	(2,258,584)
Net cash provided by operating activities	(67,607)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of property, plant, and equipment	(51,859)
Net decrease in cash	(119,466)
Cash at beginning of year	429,877
<b>Cash at end of year</b>	<b>\$ 310,411</b>
<b>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Change in net position	\$ (98,600)
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	9,840
Pension expense	7,330
Change in assets and liabilities:	
Accounts receivable	3,923
Due from other governments	938
Accounts payable	5,815
Deferred revenues	3,147
<b>Net cash provided by operating activities</b>	<b>\$ (67,607)</b>

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2019

	Private Purpose Trust	Employee Benefit Trust	Agency
<b>ASSETS</b>			
Cash and investments	\$ 327,212	\$ 5,792,342	\$ 281,337
Accounts receivable	-	6,926	373
Due from other funds	-	577	-
Total assets	327,212	5,799,845	281,710
<b>LIABILITIES</b>			
Accounts payable	3,500	-	20,678
Due to student organizations	-	-	178,625
Due to parent organizations	-	-	82,407
Total liabilities	3,500	-	\$ 281,710
<b>NET POSITION</b>			
Restricted	<u>\$ 323,712</u>	<u>\$ 5,799,845</u>	

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**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	\$ 10,350	\$ 922,239
Investment earnings	9,497	160,844
Total additions	19,847	1,083,083
<b>DEDUCTIONS</b>		
Scholarships	20,250	-
Other post-employment benefits	-	381,575
Total deductions	20,250	381,575
Change in net position	(403)	701,508
Net Position at beginning of year	324,115	5,098,337
<b>Net Position at end of year</b>	<b>\$ 323,712</b>	<b>\$ 5,799,845</b>

See accompanying notes.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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

The financial statements of the Waunakee Community School District (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 seven member elected school board and is fiscally independent with taxing and borrowing powers. The District provides elementary, secondary, vocational, and special education services for 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 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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, proprietary 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 funds:

**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.

**Debt Service Fund**

The 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.

The District reports the following major proprietary fund:

**School Nutrition Services Fund**

The school nutrition services fund is used to account for the District's food services, generally the school breakfast and lunch programs.

The District reports the following nonmajor governmental funds:

**Capital Projects Fund**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Special Revenue Funds**

The 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 Gift Fund, the Community Service Fund, and the Package Cooperative Fund as special revenue funds.

Additionally, the District reports the following fund types:

**Agency Fund**

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

**Private-Purpose Trust Fund**

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

**Employee Benefit Trust Fund**

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

**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, as are the proprietary fund financial statements. 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.

Non-exchange 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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principle ongoing operation. The principle operating revenue is charges to students for meals. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 investments 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 is limited to investments authorized by Wisconsin State Statute 66.0603.

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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

**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.

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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Capital Assets**

Capital assets are reported at historical cost or estimated historical cost. 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 estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>	<u>Years</u>
Building and building improvements	\$25,000	20 - 50
Land improvements	5,000	10 - 20
Furniture and equipment	5,000	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 and other postemployment benefits 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 benefits activity.

**Compensated Absences and Other Employee Benefit Amounts**

Sick leave benefits are reflected as expenses when paid. The District's policy allows employees to earn varying amounts of sick pay for each year employed. Upon retirement, the employee is entitled to a deposit into a Health Reimbursement Account at the various rates as follows:

Teachers	\$85/day up to a maximum of 120 days
Classified staff and administrative assistants	\$110/day up to a maximum of 120 days
Custodians	\$110/day up to a maximum of 120 days

Administrators and administrative support staff are eligible for vacation per diems and health, dental, and life insurance up to age 65.

The compensated absences liability consists of the District's estimate of payouts for sick leave upon retirement. The compensated absences liability is based on rates in effect as of June 30, 2019.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources and, therefore, the liability is not reported.

**Pensions**

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

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

Teachers who have been employed by the District at least 15 years and who have reached the age of 55 are eligible to receive retirement benefits. Teachers hired after April 1, 2008 receive a credit of \$1,000 per year of service to the District to be used to fund a post-employment Health Reimbursement Account (HRA). Teachers hired before April 1, 2008 receive a credit of \$1,200 per year of service to the District to be used to fund a post-employment HRA.

Administrators are eligible for retirement benefits at age 55. The District contributes to health, dental, and life insurance via a Health Reimbursement Account (HRA) for a maximum of 10 years or the age the retired employee is eligible for Medicare, whichever comes first. Premiums contributed are based on a vesting schedule. Vesting varies based on years of services. For employees with less than 6 years of service no premium is contributed. After 6 years, 10% of the premium is contributed for each additional year of services up to 10%. Employees are fully vested at 15 years. Administrators hired after April 1, 2011, will have a deposit to an HRA based on number of hours worked.

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.

**Long-Term Obligations**

In the district-wide financial statements, bond premiums and discounts 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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

**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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*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.

**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 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 requires management to make estimates and assumptions that affect the reported amounts and disclosures.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**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	\$ 467,262	\$ (217,718)	Custodial credit
Wisconsin Investment Series Cooperative	5,328,381	5,328,381	Credit and interest rate
Wisconsin Local Government Investment Pool	4,792,231	4,792,231	Credit and interest rate
Corporate bonds	3,591,252	3,591,252	Credit and interest rate
Mortgage and asset-backed securities	1,042,622	1,042,622	Credit and interest rate
Direct commercial mortgages	810,928	810,928	Credit and interest rate
Other investments	347,541	347,541	Credit and interest rate
Total cash and investments	<u>\$ 16,380,217</u>	<u>\$ 15,695,237</u>	

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

Statement of net position	
Governmental activities	\$ 8,983,935
Business-type activities	310,411
Statement of fiduciary net position	
Trust Funds	6,119,554
Agency Fund	281,337
Total cash and investments	<u>\$ 15,695,237</u>

*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, \$5,792,342 of the District's deposits with financial institutions were uninsured and uncollateralized, and \$217,262 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.

PMA Financial Network is the administrator and investment manager for the WISC. The WISC is not registered with the Securities and Exchange Commission but invests in funds in accordance

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 2—CASH AND INVESTMENTS (continued)

with applicable Wisconsin statutes. The WISC is not rated. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value.

At June 30, 2019, the District's share of the WISC's assets was substantially equal to the amount reported on page 31. The District is subject to market risk and credit risk through its investment in WISC.

The District voluntarily invests excess funds in the LGIP, an external investment pool. The LGIP is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The SIF is not rated. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2019, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported on page 31.

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation. The District's mutual fund investments are not rated.

*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, Wisconsin Investment Series Cooperative, Wisconsin Local Government Investment pool, corporate bonds, mortgage and asset-backed securities, direct commercial mortgages, and other investments have a maturity of 12 months or less.

*Concentration of Credit Risk*

The District does not have a policy for concentration of credit risk. The District has the following investments that represent 5% or more of the total investments:

Mid-America - Corporate Bonds	\$ 3,591,252
Mid-America - Mortgage & Asset-Backed Securities	1,042,622
Mid-America - Direct Commercial Mortgages	810,928
Mid-America - Other	347,541

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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 2—CASH AND INVESTMENTS (continued)

All of the District's recurring fair value measurements as of June 30, 2019 are:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate bonds	\$ 3,591,252	\$ 3,591,252
Mortgage and asset-backed securities	1,042,622	1,042,622
Direct commercial mortgages	810,928	810,928
Other investments	347,541	347,541
	\$ 5,792,343	\$ 5,792,343

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:

Receivable fund	Payable fund	Amount
General fund	Special education fund	\$ 177,124
Employee benefit trust fund	General fund	577
		\$ 177,701

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

Transferred to	Transferred from	Amount
Special education fund	General fund	\$ 5,285,925

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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO 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	\$ 2,724,693	\$ -	\$ -	\$ 2,724,693
Construction in progress	25,000	50,000	-	75,000
Total capital assets not being depreciated	2,749,693	50,000	-	2,799,693
Capital assets being depreciated				
Land improvements	1,911,887	-	-	1,911,887
Buildings	136,024,421	137,000	-	136,161,421
Furniture and equipment	8,461,591	539,223	(864,557)	8,136,257
Total capital assets being depreciated	146,397,899	676,223	(864,557)	146,209,565
Less accumulated depreciation	45,762,674	3,609,205	(862,293)	48,509,586
Total capital assets being depreciated—net	100,635,225	(2,932,982)	(2,264)	97,699,979
Governmental activity capital assets-net	<u>\$ 103,384,918</u>	<u>\$ (2,882,982)</u>	<u>\$ (2,264)</u>	<u>\$ 100,499,672</u>
Business-type activity				
Capital assets being depreciated				
Furniture and equipment	\$ 359,445	\$ 51,859	\$ (12,173)	\$ 399,131
Less accumulated depreciation	332,395	9,840	(12,173)	330,062
Business-type activity capital assets—net	<u>\$ 27,050</u>	<u>\$ 42,019</u>	<u>\$ -</u>	<u>\$ 69,069</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 4—CAPITAL ASSETS (continued)

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

Regular instruction	\$ 341,577
Vocational instruction	12,776
Physical instruction	14,555
Special education instruction	13,676
Other instruction	20,282
Pupil services	43
Instructional staff services	57,309
General administration services	73
Building administration services	34,762
Business administrative services	3,056,012
Central services	46,399
Community services	662
Undetermined	<u>11,079</u>
Total depreciation of governmental activities:	<u><u>\$ 3,609,205</u></u>

NOTE 5—SHORT-TERM DEBT ACTIVITY

The District issued a tax anticipation note in advance of property tax collections. The note matured on September 30, 2019, with an interest rate of 3%. Interest for the year ended June 30, 2019 was \$133,981. Short-term debt activity for the year ended June 30, 2019 was as follows:

	Balance 6/30/18	Additions	Reductions	Balance 6/30/19
Tax anticipation note	<u>\$ 2,000,000</u>	<u>\$ 5,480,000</u>	<u>\$ 2,000,000</u>	<u>\$ 5,480,000</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 6—LONG-TERM OBLIGATIONS**

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

	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Due Within One Year
<b>Bonds Payable</b>					
General obligation bonds	\$ 77,455,000	\$ -	\$ 4,595,000	\$ 72,860,000	\$ 4,795,000
Unamortized premiums and gains on refunding	3,244,867	-	299,876	2,944,991	-
<b>Total G.O. debt</b>	<b>80,699,867</b>	<b>-</b>	<b>4,894,876</b>	<b>75,804,991</b>	<b>4,795,000</b>
<b>Other Liabilities</b>					
Capital lease	58,712	-	58,712	-	-
Accrued compensated absences	2,564,857	69,457	-	2,634,314	-
Net other postemployment benefits liability	7,089,469	-	2,626,857	4,462,612	-
<b>Total long-term liabilities</b>	<b>\$ 90,412,905</b>	<b>\$ 69,457</b>	<b>\$ 7,580,445</b>	<b>\$ 82,901,917</b>	<b>\$ 4,795,000</b>

Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2019 was \$2,786,111 and \$2,755,942, respectively.

**General Obligation Debt**

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.

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	10/4/2010	5.70%	4/1/2022	\$ 3,410,000	\$ 1,145,000
G.O. QSCB bonds	10/4/2010	5.00%	4/1/2024	3,800,000	1,550,000
G.O. BAB bonds	10/4/2010	2.00-4.00%	4/1/2030	4,650,000	4,650,000
G.O. refunding bonds	11/7/2011	2.15-4.00%	4/1/2025	4,475,000	4,285,000
G.O. refunding bonds	7/10/2012	2.00-3.00%	4/1/2022	8,950,000	4,070,000
G.O. refunding bonds	4/3/2013	2.00-2.50%	3/1/2025	9,515,000	7,665,000
G.O. bonds	5/11/2015	3.25%	4/1/2035	9,990,000	9,990,000
G.O. bonds	6/8/2015	3.00-5.00%	4/1/2031	34,800,000	32,965,000
G.O. refunding bonds	2/4/2016	1.00-2.00%	4/1/2026	9,995,000	6,540,000
<b>Total general obligation debt</b>					<b>\$ 72,860,000</b>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 6—LONG-TERM OBLIGATIONS (continued)

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,791,990,694. 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 \$2,791,990,694)	\$ 279,199,069
Less: long-term debt applicable to debt margin:	<u>72,860,000</u>
 Margin of indebtedness:	 <u><u>\$ 206,339,069</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	\$ 4,795,000	\$ 2,663,426	\$ 7,458,426
2021	5,005,000	2,530,941	7,535,941
2022	5,215,000	2,390,506	7,605,506
2023	5,445,000	2,248,596	7,693,596
2024	5,700,000	2,086,371	7,786,371
2025-2029	29,790,000	6,236,020	36,026,020
2030-2034	14,290,000	1,755,233	16,045,233
2035	<u>2,620,000</u>	<u>85,150</u>	<u>2,705,150</u>
	<u><u>\$ 72,860,000</u></u>	<u><u>\$ 19,996,243</u></u>	<u><u>\$ 92,856,243</u></u>

NOTE 7—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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 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.

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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, 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 \$1,860,902 contributions from the employer which equaled required contributions.

Contribution rates as of December 31, 2018, the date of the actuarial valuation, 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%

**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 \$6,350,158 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 0.17849123% which was an increase of 0.00301300% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,365,584.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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	\$ 4,945,810	\$ 8,742,415
Net differences between projected and actual earnings on pension plan investments	9,273,971	-
Changes in assumptions	1,070,404	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,057	78,080
Employer contributions subsequent to the measurement date	1,083,768	-
Total	\$ 16,376,010	\$ 8,820,495

\$1,083,768 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 liability 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		\$ 2,340,363
2021		572,679
2022		1,021,327
2023		2,537,378
		\$ 6,471,747

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 7—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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
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
Variable Fund Asset Class			
U.S. equities	70%	7.6%	5.0%
International equities	30	8.5	5.9
Total variable fund	100%	8.0%	5.4%

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

**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:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
The District's proportionate share of net pension liability	\$ 25,236,194	\$ 6,350,158	\$ (7,693,074)

**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>.

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS

**Plan Description**

*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 576 active plan members and 35 inactive plan members currently receiving benefits. Employees hired after July 1, 2012 will not be eligible for District-provided post-employment benefits if the employee is receiving an annuity from WRS at the time of hire.

*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 \$564,841 to the Waunakee Community School District Post-Employment Benefits Trust. For the year ended June 30, 2018, the District’s average contribution rate was 2.13% of covered-employee payroll.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

**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	3.75% based upon all years of projected payments discounted at a 3.75% long-term expected rate of return
Healthcare cost trend rates	7.5% 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.

*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 3.75%). 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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

**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>	\$ 7,918,445	\$ 828,976	\$ 7,089,469
<b>Changes for the year:</b>			
Service Cost	600,092	-	600,092
Interest	242,874	-	242,874
Differences between expected and actual experience	194,262	-	194,262
Changes of assumptions or other input	(1,950,182)	-	(1,950,182)
Contributions - Employer	-	564,841	(564,841)
Net investment income	-	12,416	(12,416)
Benefit payments	(245,382)	(245,382)	-
Adjustment*	-	1,136,646	(1,136,646)
<b>Net changes</b>	<u>(1,158,336)</u>	<u>1,468,521</u>	<u>(2,626,857)</u>
<b>Balances at 6/30/2018</b>	<u>\$ 6,760,109</u>	<u>\$ 2,297,497</u>	<u>\$ 4,462,612</u>

*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%) or 1-percentage-point higher (4.75%) than the current discount rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Net OPEB liability	\$ 4,936,493	\$ 4,462,612	\$ 4,012,814

*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% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4%)	Healthcare Cost Trend Rates (7.5% decreasing to 5%)	1% Increase (8.5% decreasing to 6%)
Net OPEB liability	\$ 4,069,072	\$ 4,462,612	\$ 4,915,571

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$547,369. 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	\$ 174,836	\$ 268,617
Changes in assumptions	-	1,755,164
Net differences between projected and actual earnings on OPEB plan investments	10,596	-
Employer contributions subsequent to the measurement date	564,841	-
Total	\$ 750,273	\$ 2,023,781

\$564,841 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 liability 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	\$ (224,028)
2021	(224,028)
2022	(224,030)
2023	(222,962)
2024	(225,903)
Thereafter	(717,398)
	\$ (1,838,349)

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 9—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	\$ 24,694,681
Restricted	
Community service	59,834
Donor restrictions	178,971
Capital projects	1,330,943
Debt service	1,252,152
General fund	<u>23,405</u>
Total restricted	2,845,305
Unrestricted	<u>(113,914)</u>
Total governmental activities net position	<u><u>\$ 27,426,072</u></u>

**NOTE 10—GOVERNMENTAL FUND BALANCES**

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

Restricted	
General fund	\$ 23,405
Donor restrictions	178,971
Capital projects	1,330,943
Debt service	1,907,092
Community services	<u>59,834</u>
Total restricted	3,500,245
Committed	
Band uniform and parking lot replacement	385,141
Assigned	
Allocate unspent funds for next fiscal year	1,534,637
Unassigned	<u>5,133,554</u>
Total governmental fund balance	<u><u>\$ 10,553,577</u></u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 11—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 have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

**NOTE 12—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 13—COMMITMENTS AND CONTINGENCIES**

The District has active construction projects as of June 30, 2019. At the end of the year, the District's commitments with contractors to complete the projects amount to \$10,000.

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**

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**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	\$ 22,165,174	\$ 22,165,174	\$ 22,165,174	\$ -
Local	880,008	844,008	868,729	24,721
Interdistrict payments	1,494,584	1,494,584	1,497,682	3,098
State	23,925,660	23,893,238	23,897,887	4,649
Federal	303,360	310,220	323,428	13,208
Other sources	115,000	209,000	178,278	(30,722)
Total revenues	48,883,786	48,916,224	48,931,178	14,954
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	22,868,943	22,534,631	22,315,437	219,194
Vocational instruction	1,781,084	1,840,383	1,802,061	38,322
Physical instruction	723,471	742,691	739,739	2,952
Other instruction	873,064	873,064	857,376	15,688
Total instruction	26,246,562	25,990,769	25,714,613	276,156
Support services				
Pupil services	1,137,208	1,163,666	1,148,736	14,930
Instructional staff services	1,730,201	1,769,639	1,928,691	(159,052)
General administrative services	902,480	944,161	950,684	(6,523)
Building administrative services	3,378,578	3,459,476	3,520,871	(61,395)
Business administrative services	7,908,562	8,382,592	8,457,549	(74,957)
Central services	299,000	299,000	-	299,000
Insurance and judgments	200,300	200,300	286,634	(86,334)
Other support services	2,449,943	2,277,246	2,161,338	115,908
Total support services	18,006,272	18,496,080	18,454,503	41,577
Principal	-	-	58,712	(58,712)
Interest and fees	-	-	133,980	(133,980)
Total expenditures	44,252,834	44,486,849	44,361,808	125,041
Excess (deficiency) of revenues over (under) expenditures	4,630,952	4,429,375	4,569,370	139,995
Other financing sources (uses)				
Proceeds from sale of assets	10,000	10,000	33,966	23,966
Transfers in (out)	(5,159,077)	(5,301,033)	(5,285,925)	15,108
Total other financing sources (uses)	(5,149,077)	(5,291,033)	(5,251,959)	39,074
<b>Net change in fund balances</b>	(518,125)	(861,658)	(682,589)	179,069
Fund balances at beginning of year	7,461,295	7,461,295	7,461,295	-
<b>Fund balances at end of year</b>	<b>\$ 6,943,170</b>	<b>\$ 6,599,637</b>	<b>\$ 6,778,706</b>	<b>\$ 179,069</b>

See accompanying notes to required supplementary information.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
EXPLANATION OF DIFFERENCES BETWEEN BUDGETERY 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	\$ 48,931,178
Reclassification: Special Education Fund revenues are included in the General Fund, required for GAAP reporting	<u>2,526,153</u>
General Fund Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 51,457,331</u>

**USES/OUTFLOWS OF RESOURCES:**

Actual General Fund expenditures from the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 44,361,808
Reclassification: Special Education Fund expenditures are included in the General Fund, required for GAAP reporting	<u>7,812,078</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 52,173,886</u>

See accompanying notes to required supplementary information.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**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	0.166892%	\$ (4,098,207)	\$ 24,191,077	-16.94%	102.74%
12/31/2015	0.167577%	2,723,101	24,804,900	10.98%	98.20%
12/31/2016	0.170534%	1,406,103	25,521,523	5.51%	99.12%
12/31/2017	0.175478%	(5,210,156)	26,449,566	-19.70%	102.93%
12/31/2018	0.178491%	6,350,158	27,774,660	22.86%	96.45%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**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	\$ 1,665,033	\$ 1,665,033	\$ -	\$ 24,388,896	6.83%
6/30/2016	1,657,559	1,657,559	-	25,521,523	6.49%
6/30/2017	1,798,630	1,798,630	-	25,956,056	6.93%
6/30/2018	1,798,630	1,798,630	-	27,270,041	6.60%
6/30/2019	1,860,902	1,860,902	-	27,998,578	6.65%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See accompanying notes to required supplementary information.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
Last 10 Fiscal Years\*

	2018	2017	2016
Actuarially Determined Contribution (ADC)	\$ 816,351	\$ 816,351	\$ 516,717
Contributions in relation to ADC	\$ 564,841	\$ 102,465	\$ 508,468
Contribution deficiency (excess)	\$ 251,510	\$ 713,886	\$ 8,249
The District's covered-employee payroll	\$ 26,556,897	\$ 25,638,082	\$ 23,967,500
Contributions as a percentage of covered-employee payroll	2.13%	0.40%	2.12%

\*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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

	2018	2017	2016
<b>Total OPEB Liability:</b>			
Service cost	\$ 600,092	\$ 582,614	\$ 549,170
Interest	242,874	237,452	225,676
Differences between expected and actual experience	194,262	(365,688)	(5,292)
Changes in assumptions or other input	(1,950,182)	-	-
Benefit payments	(245,382)	(102,465)	(352,833)
Net Change in OPEB Liability	(1,158,336)	351,913	416,721
Total OPEB liability - beginning	7,918,445	7,566,532	7,149,811
Total OPEB liability - ending (a)	<u>\$ 6,760,109</u>	<u>\$ 7,918,445</u>	<u>\$ 7,566,532</u>
<b>Total Fiduciary Net Position:</b>			
Contributions - Employer	\$ 564,841	\$ 589,384	\$ 508,468
Net investment income	12,416	8,322	5,441
Benefit payments	(245,382)	(102,465)	(352,833)
Adjustment	1,136,646	-	-
Net change in fiduciary net position	1,468,521	495,241	161,076
Fiduciary net position - beginning	828,976	333,735	172,659
Fiduciary net position - ending (b)	<u>\$ 2,297,497</u>	<u>\$ 828,976</u>	<u>\$ 333,735</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 4,462,612</u>	<u>\$ 7,089,469</u>	<u>\$ 7,232,797</u>
Fiduciary net position as a percentage of the total OPEB liability	33.99%	10.47%	4.41%
Covered payroll	26,556,897	25,638,082	23,967,500
Net OPEB liability as a percentage of covered payroll	16.80%	27.65%	30.18%

\*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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**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 material excess of actual expenditures over appropriations for the year ended June 30, 2019.

Function	Excess Expenditures
Instructional staff services	\$ 159,052
General administrative services	6,523
Building administrative services	61,395
Business administrative services	74,957
Insurance and judgments	86,334

NOTE 2—EMPLOYEE’S RETIREMENT 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—EMPLOYEE’S OPEB CONTRIBUTIONS

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

*Changes of Assumptions.* There were no changes in the assumptions.

NOTE 4—SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Methods and assumptions used to determine OPEB contribution rates:

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2018
Reporting Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal
Amortization Growth Rate:	3.75%
Discount Rate:	3.75%
Inflation:	2.5%
Wisconsin 2012 Mortality Table	

**OTHER SUPPLEMENTARY INFORMATION**

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—GENERAL FUND**  
June 30, 2019

	General Operating Fund	Special Education Fund	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 5,203,985	\$ 5,588	\$ 5,209,573
Accounts receivable	8,174,000	-	8,174,000
Due from other governments	495,888	212,540	708,428
Due from other funds	177,124	-	177,124
<b>Total assets</b>	<b>\$ 14,050,997</b>	<b>\$ 218,128</b>	<b>\$ 14,269,125</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 616,905	\$ 35,724	\$ 652,629
Accrued salaries and wages	22,177	5,280	27,457
Payroll taxes and withholdings	906,426	-	906,426
Due to other funds	577	177,124	177,701
Medical claims payable	131,216	-	131,216
Short term notes payable	5,480,000	-	5,480,000
Accrued interest payable	114,990	-	114,990
<b>Total liabilities</b>	<b>7,272,291</b>	<b>218,128</b>	<b>7,490,419</b>
<b>FUND BALANCES</b>			
Restricted	23,405	-	23,405
Committed	87,110	-	87,110
Assigned	1,534,637	-	1,534,637
Unassigned	5,133,554	-	5,133,554
<b>Total fund balances</b>	<b>6,778,706</b>	<b>-</b>	<b>6,778,706</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,050,997</b>	<b>\$ 218,128</b>	<b>\$ 14,269,125</b>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**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	\$ 22,165,174	\$ -	\$ 22,165,174
Local	868,729	-	868,729
Interdistrict payments	1,497,682	2,426	1,500,108
Intermediate sources	-	6,880	6,880
State	23,897,887	1,640,603	25,538,490
Federal	323,428	874,624	1,198,052
Other sources	178,278	1,620	179,898
Total revenues	48,931,178	2,526,153	51,457,331
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	22,315,437	-	22,315,437
Vocational instruction	1,802,061	-	1,802,061
Physical instruction	739,739	-	739,739
Special education instruction	-	5,592,361	5,592,361
Other instruction	850,376	-	850,376
Total instruction	25,707,613	5,592,361	31,299,974
Support services			
Pupil services	1,148,736	1,192,275	2,341,011
Instructional staff services	1,870,811	504,270	2,375,081
General administrative services	950,684	-	950,684
Building administrative services	3,520,871	-	3,520,871
Business administrative services	7,957,209	206,459	8,163,668
Central services	-	9,822	9,822
Insurance and judgments	286,634	27,437	314,071
Other support services	2,161,338	279,454	2,440,792
Total support services	17,896,283	2,219,717	20,116,000
Capital outlay	565,220	-	565,220
Debt service			
Principal	58,712	-	58,712
Interest and fees	133,980	-	133,980
Total expenditures	44,361,808	7,812,078	52,173,886
Excess (deficiency) of revenues over (under) expenditures	4,569,370	(5,285,925)	(716,555)
Other financing sources (uses)			
Proceeds from sale of assets	33,966	-	33,966
Transfers in (out)	(5,285,925)	5,285,925	-
Total other financing sources (uses)	(5,251,959)	5,285,925	33,966
<b>Net change in fund balances</b>	(682,589)	-	(682,589)
Fund balances at beginning of year	7,461,295	-	7,461,295
<b>Fund balances at end of year</b>	<b>\$ 6,778,706</b>	<b>\$ -</b>	<b>\$ 6,778,706</b>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2019

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Special Revenue	Community Services	Package Cooperative		
<b>ASSETS</b>					
Cash and investments	\$ 113,911	\$ 371,250	\$ 51,166	\$ 1,330,943	\$ 1,867,270
Accounts receivable	69,325	160	-	-	69,485
Due from other governments	-	-	11,845	-	11,845
<b>Total assets</b>	<b>\$ 183,236</b>	<b>\$ 371,410</b>	<b>\$ 63,011</b>	<b>\$ 1,330,943</b>	<b>\$ 1,948,600</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 4,265	\$ 2,750	\$ 20,987	\$ -	\$ 28,002
Accrued salaries and wages	-	10,795	-	-	10,795
Due to other governments	-	-	42,024	-	42,024
<b>Total liabilities</b>	<b>4,265</b>	<b>13,545</b>	<b>63,011</b>	<b>-</b>	<b>80,821</b>
<b>FUND BALANCES</b>					
Restricted	178,971	59,834	-	1,330,943	1,569,748
Committed	-	298,031	-	-	298,031
<b>Total fund balances</b>	<b>178,971</b>	<b>357,865</b>	<b>-</b>	<b>1,330,943</b>	<b>1,867,779</b>
<b>Total liabilities and fund balances</b>	<b>\$ 183,236</b>	<b>\$ 371,410</b>	<b>\$ 63,011</b>	<b>\$ 1,330,943</b>	<b>\$ 1,948,600</b>

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

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Special Revenue	Community Services	Package Cooperative		
<b>REVENUES</b>					
Taxes	\$ -	\$ 338,000	\$ -	\$ 509,296	\$ 847,296
Local	641,216	192,713	-	13,039	846,968
Interdistrict payments with Wisconsin	-	525	279,464	-	279,989
<b>Total revenues</b>	<b>641,216</b>	<b>531,238</b>	<b>279,464</b>	<b>522,335</b>	<b>1,974,253</b>
<b>EXPENDITURES</b>					
Instruction					
Regular instruction	83,183	-	-	-	83,183
Vocational instruction	5,544	-	-	-	5,544
Other instruction	262,378	-	-	-	262,378
<b>Total instruction</b>	<b>351,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351,105</b>
Support services					
Pupil services	85,651	-	-	-	85,651
Instructional staff services	-	-	279,464	-	279,464
Business administrative services	35,674	23,350	-	-	59,024
Insurance and judgments	-	1,847	-	-	1,847
Other support services	1,483	446,207	-	-	447,690
<b>Total support services</b>	<b>122,808</b>	<b>471,404</b>	<b>279,464</b>	<b>-</b>	<b>873,676</b>
Capital outlay	161,003	-	-	-	161,003
<b>Total expenditures</b>	<b>634,916</b>	<b>471,404</b>	<b>279,464</b>	<b>-</b>	<b>1,385,784</b>
<b>Net change in fund balances</b>	<b>6,300</b>	<b>59,834</b>	<b>-</b>	<b>522,335</b>	<b>588,469</b>
Fund balances at beginning of year	172,671	298,031	-	808,608	1,279,310
<b>Fund balances at end of year</b>	<b>\$ 178,971</b>	<b>\$ 357,865</b>	<b>\$ -</b>	<b>\$ 1,330,943</b>	<b>\$ 1,867,779</b>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**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 cash equivalents	\$ 319,346	\$ 1,463,979	\$ 1,501,988	\$ 281,337
Accounts receivable	900	374	901	373
<b>Total assets</b>	<b>\$ 320,246</b>	<b>\$ 1,464,353</b>	<b>\$ 1,502,889</b>	<b>\$ 281,710</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 17,154	\$ 411,510	\$ 407,986	\$ 20,678
Due to student organizations	169,799	300,854	292,028	178,625
Due to parent organizations	133,293	222,386	273,272	82,407
<b>Total liabilities</b>	<b>\$ 320,246</b>	<b>\$ 934,750</b>	<b>\$ 973,286</b>	<b>\$ 281,710</b>

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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**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 Education</b>							
Pass-through program from Wisconsin Department of Public Instruction							
Special Education Cluster (IDEA)							
Special Education_Grants to States	84.027	2019-136181-IDEA-FT-341	\$ -	\$ 301,605	\$ 950,456	\$ 857,555	\$ 208,704
Special Education_Preschool Grants	84.173	2019-136181-IDEA-PS-347	-	5,952	15,613	11,464	1,803
Total Special Education Cluster (IDEA)			-	307,557	966,069	869,019	210,507
Title I Grants to Local Educational Agencies	84.010	2019-136181-TIA-141	-	8,595	61,195	67,071	14,471
Supporting Effective Instruction State Grants	84.367	2019-136181-TIIA-365	-	2,392	44,960	47,864	5,296
Student Support and Academic Enrichment Grants	84.424	2019-136181-TIVA-381	-	10,000	19,699	9,929	230
Career and Technical Education -- Basic Grants to States	84.048	2019-136181-CTE-400	-	14,059	25,494	20,586	9,151
<b>Total Department of Education</b>			-	342,603	1,117,417	1,014,469	239,655
<b>Department of Health and Human Services</b>							
Pass-through program from Wisconsin Medicaid and Badgercare Programs							
Medical Assistance Program	93.778	44220800	-	25,788	171,564	183,581	37,805
<b>Total Federal Programs</b>			<b>\$ -</b>	<b>\$ 368,391</b>	<b>\$ 1,288,981</b>	<b>\$ 1,198,050</b>	<b>\$ 277,460</b>

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

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

State Grantor/ Program Title	State Identifying Number	State Pass Through ID Number	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	136181-100	\$ -	\$ -	\$ 1,640,603	\$ 1,640,603	\$ -
Common School Fund Library Aid	255.103	136181-104	-	-	141,787	141,787	-
General Transportation Aid for Public School Pupils	255.107	136181-102	-	-	68,671	68,671	-
Equalization Aids	255.201	136181-116	-	339,906	20,239,986	20,238,540	338,460
AODA Program Grants	255.321	136181-142	-	-	54,362	54,362	-
Personal Electronic Computing Device	255.296	136181-175	-	-	42,375	42,375	-
Educator Effectiveness Eval Sys Grants	255.940	136181-154	-	-	-	28,080	28,080
Per Pupil Aid	255.945	136181-113	-	-	2,672,898	2,672,898	-
Career and Technical Education Incentive Grants	255.950	136181-152	-	-	81,000	81,000	-
Assessments of Reading Readiness	255.956	136181-166	-	-	8,415	8,415	-
<b>Total Wisconsin Department of Public Instruction</b>			-	339,906	24,950,097	24,976,731	366,540
<b>Wisconsin Department of Revenue</b>							
State Aid - Personal Property Tax	835.103	n/a	-	-	240,296	240,296	-
Exempt Computer Aid	835.109	n/a	-	57,461	57,461	58,852	58,852
Total Wisconsin Department of Revenue			-	57,461	297,757	299,148	58,852
<b>Wisconsin Department of Justice</b>							
Safety Initiative Grant	455.201	2018-SS1-01-136181	-	-	219,523	219,523	-
<b>Total State Programs</b>			<b>\$ -</b>	<b>\$ 397,367</b>	<b>\$ 25,467,377</b>	<b>\$ 25,495,402</b>	<b>\$ 425,392</b>

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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
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, 2019. 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, changes in net position, or cash flows 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—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 5—ELIGIBLE COSTS FOR SPECIAL EDUCATION

Eligible costs for special education under project 011 were \$6,891,474 for the year ended June 30, 2019.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2019

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The prior audit report contained no written audit findings.

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  
Waunakee Community School District  
Waunakee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waunakee Community School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Waunakee Community School District's basic financial statements, and have issued our report thereon dated November 12, 2019.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Waunakee Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## 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 12, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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  
Waunakee Community School District  
Waunakee, Wisconsin

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

We have audited the Waunakee Community School District'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 the Waunakee Community School District's major federal program and each major state program for the year ended June 30, 2019. The Waunakee Community School District's major federal program is 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 the Waunakee Community School District's major federal program and each major state program 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 the major federal or each major state program occurred. An audit includes examining, on a test basis, evidence about the Waunakee Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Waunakee Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program and each major state program for the year ended June 30, 2019.

## Report on Internal Control over Compliance

Management of the Waunakee Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Waunakee Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on the 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 the 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 Waunakee Community School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 12, 2019

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2019

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**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
84.027, 84.173	Special Education Cluster (IDEA)

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 in accordance with the *State Single Audit Guidelines*? No

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2019

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Identification of major state programs:

State Identifying Number	Name of State Program
255.201	Equalization Aid
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




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Scott R. Haumersen, CPA

Date of report

November 12, 2019