

**UNIFIED SCHOOL DISTRICT  
OF MARSHFIELD  
MARSHFIELD, WISCONSIN**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT  
AUDITORS' REPORT**

**JUNE 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Unified School District of Marshfield  
Marshfield, Wisconsin

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unified School District of Marshfield, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Unified School District of Marshfield's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Unified School District of Marshfield, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the District has implemented Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unified School District of Marshfield's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of changes in assets and liabilities - agency funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are 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 *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of changes in assets and liabilities - agency funds, schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is 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 6, 2018, on our consideration of the Unified School District of Marshfield'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 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 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 Unified School District of Marshfield's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin  
November 6, 2018

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD  
MARSHFIELD, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**



# Unified School District of Marshfield

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## Management Discussion and Analysis

As management of the Unified School District of Marshfield (“District”), we offer readers of the District’s basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District’s basic financial statements which follow this narrative.

### FINANCIAL HIGHLIGHTS

Total governmental activities revenue was \$53,181,065 including \$20,015,835 of property taxes and \$24,625,781 of general state and federal aid. Total governmental activities expenditures were \$51,415,019; including \$28,373,493 for direct instruction.

The District’s financial status, as reflected in total net position, increased by \$1,766,046.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

The basic financial statements consist of two kinds of statements that present different views of the District’s financial activities.

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District’s finances. District-wide statements contain useful long-term information as well as information for the just completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District’s financial activities and position.

*Required supplementary information* further explains and supports the financial statements by including a comparison of the District’s budget data for the year, and other post employment schedule of funding progress and schedule of employer contributions.

The major features of the District’s financial statements, including the activities reported and the type of information contained is shown in the following table.



## Major Features of the District-wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not fiduciary, such as instructional, and support services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net position. Statement of activities.	Balance sheet and statement of revenues, expenditures and changes in fund balance.	Statement of fiduciary net position and statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

## DISTRICT-WIDE STATEMENTS

The district-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements include functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*. Functions that are intended to recover all or a significant portion of costs through user fees and charges (*business type activities*) are not included because the District does not have any of these activities.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds* - The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.
- *Fiduciary funds* - The District serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2018 compared to 2017. The District's combined net position increased by \$1,766,046.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2018</u>	<u>2017</u>	<u>2017 - 2018</u>
Current and other assets	\$ 22,526	\$ 14,846	51.7%
Capital assets	<u>27,647</u>	<u>28,382</u>	-2.6%
Total assets	<u>50,173</u>	<u>43,228</u>	16.1%
Deferred outflows of resources	<u>13,386</u>	<u>11,249</u>	19.0%
Long-term liabilities			
outstanding	50,470	53,781	-6.2%
Other liabilities	<u>2,583</u>	<u>554</u>	366.2%
Total liabilities	<u>53,053</u>	<u>54,335</u>	-2.4%
Deferred inflows of resources	<u>14,209</u>	<u>5,328</u>	166.7%
Net position:			
Net investment in capital assets	11,170	9,397	18.9%
Restricted	4,335	4,836	-10.4%
Unrestricted	<u>(18,925)</u>	<u>(19,419)</u>	-2.5%
Total net position (deficit)	<u>\$ (3,420)</u>	<u>\$ (5,186)</u>	-34.1%

Note: Totals may not add due to rounding.

**Table 2**  
**Changes in Net Position**  
*(in thousands of dollars)*

	Governmental Activities		Total % Change
	2018	2017	2017 - 2018
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 886	\$ 947	-6.4%
Operating grants and contributions	4,208	4,389	-4.1%
General revenues			
Property taxes	20,016	19,130	4.6%
State and federal aid	24,626	23,809	3.4%
Other	3,445	3,041	13.3%
Total revenues	<u>53,181</u>	<u>51,317</u>	3.6%
<b>Expenses</b>			
Instruction	28,373	28,110	0.9%
Pupil and instructional services	5,600	5,778	-3.1%
Administration and business	6,855	6,071	12.9%
Operations and maintenance	3,882	3,717	4.4%
Transportation	1,982	1,836	8.0%
Interest on debt	405	437	-7.3%
Other support services	2,266	2,433	-6.9%
Non-program transactions	2,052	1,790	14.6%
Total expenses	<u>51,415</u>	<u>50,171</u>	2.5%
Increase in net position	<u>\$ 1,766</u>	<u>\$ 1,145</u>	54.2%

Note: Totals may not add due to rounding.

Table 2 provides summarized operating results and their impact on net position.

The District relies primarily on state and federal aids (46%) and property taxes (38%) to fund governmental activities. These two funding sources make up 84% of the total revenues.

Table 3 presents the cost of the eight major district activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**  
**Net Cost of Governmental Activities**  
*(in thousands of dollars)*

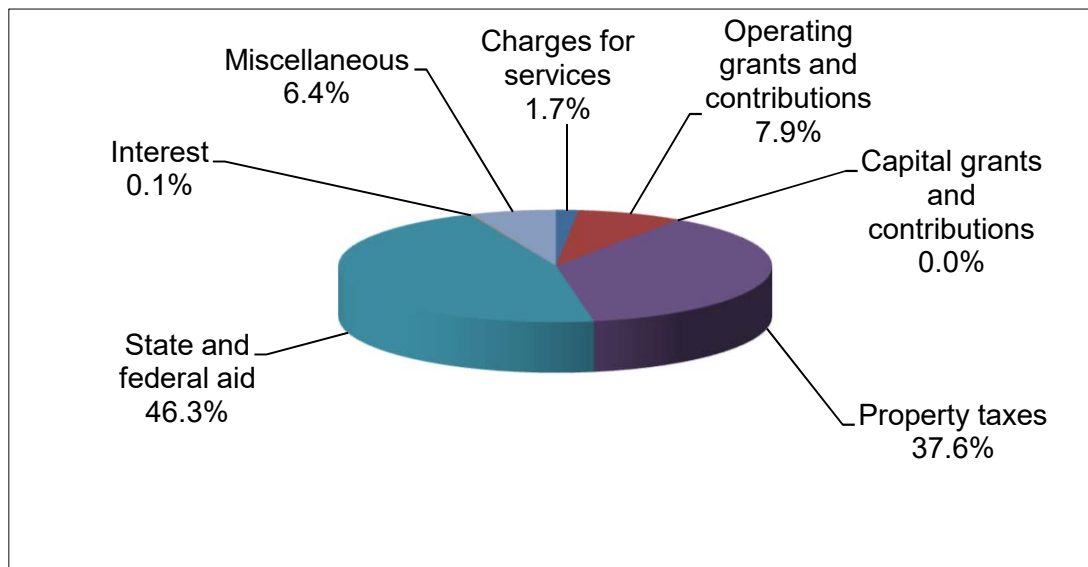
	Net Cost of Services		Total % change
	2018	2017	2017 - 2018
Instruction	\$ 25,198	\$ 24,669	2.1%
Pupil and instructional services	5,434	5,627	-3.4%
Administration and business	5,220	4,437	17.6%
Operations and maintenance	3,882	3,717	4.4%
Transportation	1,864	1,725	8.1%
Interest on debt	405	437	-7.3%
Other support services	2,266	2,433	-6.9%
Non-program transactions	2,052	1,790	14.6%
<b>Total</b>	<b>\$ 46,321</b>	<b>\$ 44,835</b>	<b>3.3%</b>

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$51,415,019. Individuals who directly participated or benefited from a program offering paid for \$886,109 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$4,208,390. The net cost of governmental activities, \$46,320,520, was financed by general revenues of the District.

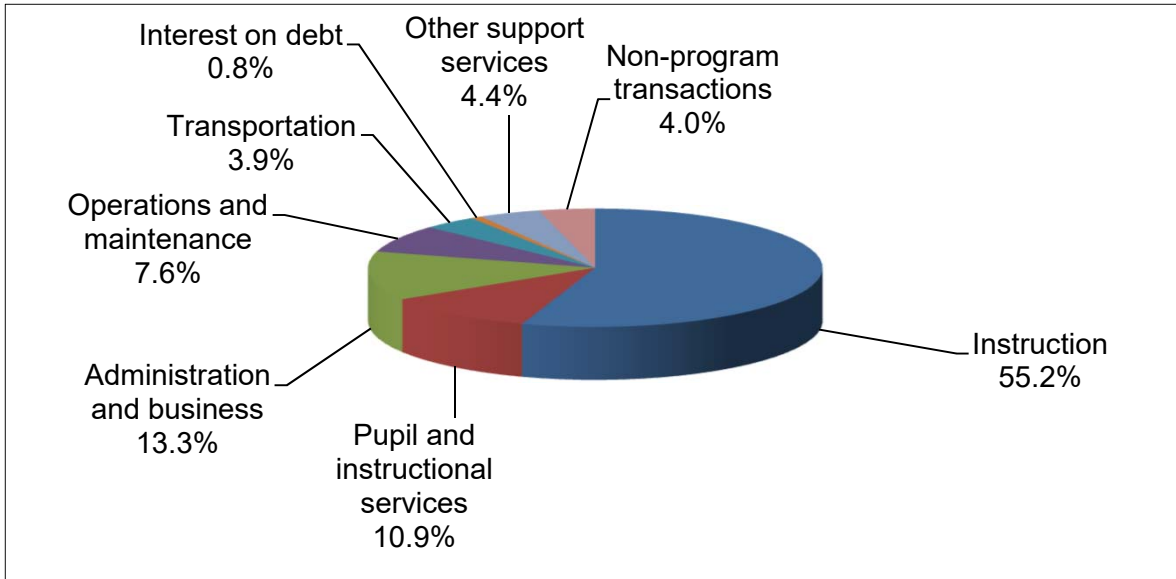
The composition of governmental revenues by source and expenditures by type are illustrated below.

**Governmental Activities Revenue by Type**  
**Chart 1**



Note: Totals may not add to 100% due to rounding.

**Governmental Activities Expenditure by Type**  
**Chart 2**



Note: Totals may not add to 100% due to rounding.

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

The District completed the year with a total governmental fund balance of \$15,387,908 up from last year's ending fund balance of \$14,397,025.

The general fund had an increase in fund balance of \$917,118.

The other governmental funds had a fund balance increase of \$73,765.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an original budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified.

While the District's final budget for the general fund anticipated that expenditures would exceed revenues by \$77,299 the actual results for the year show a \$917,118 excess of revenues over expenditures.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2018, the District had invested \$48,061,163 in capital assets, including land, land improvements, buildings and equipment (See Table 4). Total accumulated depreciation on these assets is \$20,414,060. Asset acquisitions for governmental activities totaled \$485,864. The District recognized depreciation expense of \$1,192,205 for governmental activities. Detailed information about capital assets can be found in Note 3 to the financial statements.

	Governmental Activities		Total % change
	2018	2017	2017 - 2018
Land	\$ 1,039	\$ 1,039	0.0%
Land improvements	2,368	2,403	-1.5%
Buildings	38,884	38,707	0.5%
Equipment	5,770	5,894	-2.1%
Accumulated depreciation	(20,414)	(19,661)	3.8%
Total	<u>\$ 27,647</u>	<u>\$ 28,382</u>	-2.6%

Note: Totals may not add due to rounding.

### Long-Term Debt

At year-end, the District had \$50,470,254 in bonds payable and other long-term debt outstanding (see Table 5). Detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.

	Total		Total % change
	2018	2017	2017 - 2018
General obligation debt	\$ 16,013	\$ 18,028	-11.2%
Other	34,457	35,753	-3.6%
Total	<u>\$ 50,470</u>	<u>\$ 53,781</u>	-6.2%

Note: Totals may not add due to rounding.

The District retired \$2,014,892 of bonds and notes payable during the year and other transactions largely related to post employment benefits decreased total debt by \$1,295,843.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

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

Currently known circumstances that will impact the District's financial status in the future are:

The District had an actuarial study conducted to identify its unfunded other post employment benefit liability. As of July 1, 2018, the most recent actuarial study, the unfunded actuarial accrued liability balance is \$29,648,085.

The State of Wisconsin has an open enrollment law that allows students to attend school districts of their choice with few restrictions. The state adjusts each district's general aid payment based on the number of students who transfer. This year 298 non-resident open enrollment students attended the Unified School District of Marshfield with 128 Unified School District of Marshfield students attending other schools through the open enrollment program. The number of incoming students exceeds outgoing students by 170. It is important for the District to maintain the quality of instruction and physical property to remain competitive in the open enrollment environment.

Enrollment decreased for the 2017-2018 school year by 35 students.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This 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 Mr. Pat Saucerman, Director of Business Services, Unified School District of Marshfield, 1010 E. 4th Street, Marshfield, WI 54449.



**UNIFIED SCHOOL DISTRICT OF MARSHFIELD  
MARSHFIELD, WISCONSIN**

**BASIC  
FINANCIAL STATEMENTS**

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD  
MARSHFIELD, WISCONSIN**

**DISTRICT-WIDE  
FINANCIAL STATEMENTS**

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**

STATEMENT OF NET POSITION

JUNE 30, 2018

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and investments	\$ 10,926,686
Receivables	
Taxes	5,639,044
Accounts	72,949
Due from other governments	1,220,535
Prepays	360
Inventory	18,869
Wisconsin Retirement System net pension	4,647,256
Capital assets (net of accumulated depreciation)	
Capital assets - not being depreciated	1,039,420
Capital assets - being depreciated	<u>26,607,683</u>
<b>TOTAL ASSETS</b>	<u><b>50,172,802</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Charge on refunding	604,149
Wisconsin Retirement System pension	12,781,831
Wisconsin Retirement System LRLIF	<u>283,337</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>13,669,317</b></u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>63,842,119</b></u>
<b>LIABILITIES</b>	
Accounts payable	122,481
Self insurance claims payable	151,649
Accrued liabilities	
Payroll, payroll taxes, insurance	1,973,071
Interest	92,001
Deposits payable	865
Unearned revenue	242,469
Current portion of long-term obligations	5,126,801
Noncurrent portion of long-term obligations	<u>45,343,453</u>
<b>TOTAL LIABILITIES</b>	<u><b>53,052,790</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Wisconsin Retirement System pension	14,140,913
Wisconsin Retirement System LRLIF	39,222
OPEB healthcare	<u>28,983</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>14,209,118</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	11,169,511
Restricted for	
Debt service	22,842
Capital projects	872,691
Other activities	3,439,823
Unrestricted	<u>(18,924,656)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u><b>(3,419,789)</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><b>\$ 63,842,119</b></u>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction				
Regular instruction	\$ 19,077,564	\$ -	\$ -	\$ (19,077,564)
Vocational instruction	1,759,287	-	18,298	(1,740,989)
Special instruction	5,477,832	55,332	2,563,933	(2,858,567)
Other instruction	2,058,810	52,762	484,803	(1,521,245)
Total instruction	<u>28,373,493</u>	<u>108,094</u>	<u>3,067,034</u>	<u>(25,198,365)</u>
Support services				
Pupil services	2,221,317	-	-	(2,221,317)
Instructional staff services	3,378,741	-	165,885	(3,212,856)
General administration services	1,103,297	-	-	(1,103,297)
Building administration services	3,220,314	-	-	(3,220,314)
Business services	2,531,609	773,930	861,480	(896,199)
Operations and maintenance	3,882,419	-	-	(3,882,419)
Pupil transportation	1,981,649	4,085	113,991	(1,863,573)
Central services	133,114	-	-	(133,114)
Insurance	232,847	-	-	(232,847)
Interest and other	404,586	-	-	(404,586)
Other support services	1,899,754	-	-	(1,899,754)
Community services	-	-	-	-
Total support services	<u>20,989,647</u>	<u>778,015</u>	<u>1,141,356</u>	<u>(19,070,276)</u>
Non-program transactions	<u>2,051,879</u>	-	-	<u>(2,051,879)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 51,415,019</u></b>	<b><u>\$ 886,109</u></b>	<b><u>\$ 4,208,390</u></b>	<b><u>(46,320,520)</u></b>
<b>General revenues</b>				
Taxes				
Property taxes				20,015,835
State and federal aids not restricted to specific functions				
General				24,625,781
Interest and investment earnings				64,818
Miscellaneous				3,380,132
Total general revenues				<u>48,086,566</u>
CHANGE IN NET POSITION				
NET POSITION - BEGINNING OF YEAR				
CHANGE IN ACCOUNTING PRINCIPLE				
<b>NET POSITION (DEFICIT) - END OF YEAR</b>				
				<b><u>\$ (3,419,789)</u></b>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD  
MARSHFIELD, WISCONSIN**

**FUND  
FINANCIAL STATEMENTS**

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>GENERAL</u>	<u>FOOD SERVICE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and investments	\$ 9,513,350	\$ 73,703	\$ 1,339,633	\$ 10,926,686
Receivables				
Accounts	59,841	8,525	4,583	72,949
Taxes	5,639,044	-	-	5,639,044
Due from other governments	1,190,820	29,715	-	1,220,535
Inventories	-	18,869	-	18,869
Prepaid expenses	360	-	-	360
<b>TOTAL ASSETS</b>	<b><u>16,403,415</u></b>	<b><u>130,812</u></b>	<b><u>1,344,216</u></b>	<b><u>17,878,443</u></b>
<b>LIABILITIES</b>				
Accounts payable	105,104	7,580	9,797	122,481
Payroll, payroll taxes, insurance	2,048,377	76,343	-	2,124,720
Deposits payable	60	805	-	865
Unearned revenue	196,385	46,084	-	242,469
<b>TOTAL LIABILITIES</b>	<b><u>2,349,926</u></b>	<b><u>130,812</u></b>	<b><u>9,797</u></b>	<b><u>2,490,535</u></b>
<b>FUND BALANCES</b>				
Nonspendable	360	-	-	360
Restricted	151,649	-	895,533	1,047,182
Assigned	701,681	-	438,886	1,140,567
Unassigned	13,199,799	-	-	13,199,799
<b>TOTAL FUND BALANCES</b>	<b><u>14,053,489</u></b>	<b><u>-</u></b>	<b><u>1,334,419</u></b>	<b><u>15,387,908</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 16,403,415</u></b>	<b><u>\$ 130,812</u></b>	<b><u>\$ 1,344,216</u></b>	

**Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital assets	\$ 48,061,163	
Governmental accumulated depreciation	<u>(20,414,060)</u>	27,647,103

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements. 3,532,289

Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements. (28,983)

Long term assets and liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term assets and liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	\$ (16,013,240)	
Charge on refunding	604,149	
Premium	(270,206)	
Capital leases payable	(798,295)	
Accrued interest payable	(92,001)	
Vested employee benefits	(1,120,496)	
WRS liability	(2,619,932)	
Net OPEB obligation	<u>(29,648,085)</u>	<u>(49,958,106)</u>

**Total net position (deficit) - governmental activities \$ (3,419,789)**

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	GENERAL	FOOD SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Property taxes	\$ 17,894,573	\$ -	\$ 2,121,262	\$ 20,015,835
Other local sources	1,009,852	775,719	609,317	2,394,888
Interdistrict sources	2,196,670	-	-	2,196,670
Intermediate sources	71,080	-	-	71,080
State sources	25,183,112	21,740	-	25,204,852
Federal sources	2,220,181	839,740	-	3,059,921
Other sources	233,560	340	8,689	242,589
<b>TOTAL REVENUES</b>	<b>48,809,028</b>	<b>1,637,539</b>	<b>2,739,268</b>	<b>53,185,835</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular instruction	18,110,126	-	481,715	18,591,841
Vocational instruction	1,722,049	-	3,800	1,725,849
Special instruction	5,354,339	-	-	5,354,339
Other instruction	1,992,764	-	17,443	2,010,207
<b>Total instruction</b>	<b>27,179,278</b>	<b>-</b>	<b>502,958</b>	<b>27,682,236</b>
Support services				
Pupil services	2,176,455	-	-	2,176,455
Instructional staff services	3,087,314	-	24,283	3,111,597
General administration services	1,081,112	-	-	1,081,112
Building administration services	2,435,087	-	938	2,436,025
Business services	515,132	1,706,962	-	2,222,094
Operations and maintenance	3,898,850	-	15,367	3,914,217
Pupil transportation	1,981,649	-	-	1,981,649
Central services	132,950	58	339	133,347
Insurance	232,847	-	-	232,847
Other support services	1,692,451	41,744	-	1,734,195
<b>Total support services</b>	<b>17,233,847</b>	<b>1,748,764</b>	<b>40,927</b>	<b>19,023,538</b>
Non-program transactions	2,051,523	-	356	2,051,879
Debt service				
Principal	559,126	-	2,014,892	2,574,018
Interest	17,648	-	344,799	362,447
<b>Total debt service</b>	<b>576,774</b>	<b>-</b>	<b>2,359,691</b>	<b>2,936,465</b>
Capital outlay	523,550	12,772	-	536,322
<b>TOTAL EXPENDITURES</b>	<b>47,564,972</b>	<b>1,761,536</b>	<b>2,903,932</b>	<b>52,230,440</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,244,056</b>	<b>(123,997)</b>	<b>(164,664)</b>	<b>955,395</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of capital leases	25,238	-	-	25,238
Net transfer (to) from other funds	(362,426)	123,997	238,429	-
Sale of capital assets	10,250	-	-	10,250
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(326,938)</b>	<b>123,997</b>	<b>238,429</b>	<b>35,488</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>917,118</b>	<b>-</b>	<b>73,765</b>	<b>990,883</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>13,136,371</b>	<b>-</b>	<b>1,260,654</b>	<b>14,397,025</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 14,053,489</b>	<b>\$ -</b>	<b>\$ 1,334,419</b>	<b>\$ 15,387,908</b>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds \$ 990,883

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental fund statements	\$ 536,322	
Less noncapitalized outlay	(50,458)	
Depreciation expense reported in the statement of activities	(1,192,205)	
Net book value of capital assets disposed	<u>(28,535)</u>	
Amount by which capital outlays are less than depreciation in the current period:		(734,876)

The amount of leases is reported in the governmental funds as a source of financing. In the statement of net position however, leases are reported as a long-term liability. The amount of leases reported in the governmental funds statement is: (25,238)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.  
 This year the accrual of these benefits decreased by: 78,711

Certain revenues are unearned in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year.

Other revenue recognized in the statement of activities: 13,515

Wisconsin Retirement System pension asset, deferred inflows of resources, liability, and deferred outflows of resources changes: (661,319)

Wisconsin Retirement System LRLIF asset, deferred inflows of resources, liability, and deferred outflows of resources changes: (258,919)

Other post employment benefits deferred outflows of resources, liability, and deferred inflows of resources changes: (168,590)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.  
 The amount of long-term debt principal payments in the current year is: 2,574,018

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.  
 The amount of interest and other debt costs paid during the current period is 362,447  
 The amount of interest and other debt cost accrued during the current period is (404,586)  
 Interest paid is less than interest accrued by: (42,139)

**Change in net position - governmental activities \$ 1,766,046**

The accompanying notes are an integral part of these statements.



**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	SCHOLARSHIP TRUST	AGENCY FUND STUDENT ACTIVITY
<b>ASSETS</b>		
Cash and investments	\$ 2,357	\$ 157,175
<b>TOTAL ASSETS</b>	<b>2,357</b>	<b>157,175</b>
<b>LIABILITIES</b>		
Due to student organizations	-	157,175
<b>NET POSITION</b>		
Net position held in trust	2,357	-
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,357</b>	<b>\$ 157,175</b>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS - SCHOLARSHIPS**  
**YEAR ENDED JUNE 30, 2018**

	SCHOLARSHIP TRUST
ADDITIONS	
Interest	\$ 24
CHANGE IN NET POSITION	24
NET POSITION - BEGINNING OF YEAR	2,333
<b>NET POSITION - END OF YEAR</b>	<b>\$ 2,357</b>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD  
MARSHFIELD, WISCONSIN**

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - Summary of Significant Accounting Policies**

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

**Reporting Entity** - The Unified School District of Marshfield is organized as a common school district governed by an elected seven-member school board. The District operates grades 4K through grade 12. The District is comprised of all or parts of twelve taxing districts.

The District's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

**Basis Of Presentation**

**District-Wide Statements**

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
JUNE 30, 2018

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

Food Service Fund - is used to account for and report the proceeds of specific revenue sources that are restricted or committed to the expenditure for specific purposes other than debt service or capital projects.

The District has two fiduciary funds. The District accounts for assets held as an agent for various student organizations and scholarships are held in a private purpose trust fund.

**Measurement Focus and Basis of Accounting**

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
JUNE 30, 2018

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Cash and Investments** - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

Investments are stated at fair value, if applicable, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances.

**Property Tax Levy** - Under Wisconsin law, personal property taxes and first and second installments of real estate taxes are collected by city and village treasurers who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Third installments of real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31, and a final payment no later than the following July 31. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20 of each subsequent month thereafter. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2017 tax levy is used to finance operations of the District's fiscal year ended June 30, 2018. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

**Accounts Receivable** - 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 since it is believed that such allowance would not be material.

**Due To/From Other Funds** - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. The amounts reported on the statement of net position for receivable/payable from external parties represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Interfund Transactions** - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

**Inventories** - Inventories are valued at cost using the first-in/first-out method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

**Prepays** - Prepaid items represent payments for goods or services for which benefits extend beyond June 30.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

**Capital Assets** - Capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	50 years
Building improvements	\$ 5,000	Straight-line	20-25 years
Site improvements	\$ 5,000	Straight-line	10-20 years
Furniture and equipment	\$ 5,000	Straight-line	5-15 years
Computer and related technology	\$ 5,000	Straight-line	5-10 years
Library books *	\$ 5,000	Straight-line	10 years

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

**Debt Premiums and Discounts** - In the government-wide financial statements, debt premiums and discounts are amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
JUNE 30, 2018

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Compensated Absences** - The District's policy permits employees to accumulate earned, but unused vacation and sick pay benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

**Pensions** - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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 Post Employment Benefits (OPEB)** - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, Wisconsin Retirement System pension, and Wisconsin Retirement System local retiree life insurance fund (LRLIF) reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Wisconsin Retirement System pension and Wisconsin Retirement System LRLIF results from changes in its actuarial studies and is amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has three type of items, Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare, which qualify for reporting in this category. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in its actuarial studies and is amortized over the average of the expected remaining service lives of participants.

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



**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Net Position Classifications** - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Fund Balance Classifications** - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the Director of Business Services to assign fund balances through its fund balance policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against unassigned fund balance, then assigned fund balance, then committed fund balance and lastly to restricted fund balance. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Change in Accounting Principle** - The District has implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018.

**NOTE 2 - Cash and Investments**

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of June 30, 2018, the District had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Wisconsin Investment Series Cooperative	Less than one year	\$ 3,411
Certificate of deposit	Less than one year	852,985
Total		<u>\$ 856,396</u>

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

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 2 - Cash and Investments - Continued**

- 1) Wisconsin Investment Series Cooperative is determined based on published market quotations (level 2 inputs).

**Income Allocation** - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

**Interest Rate Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than seven years of the date acquired. The District has an investment policy that does not further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has an investment policy that would further limit its investment choices. The Wisconsin Investment Series Cooperative is not rated.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does have a deposit policy for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2018, \$9,556,583 of the District's bank balance of \$10,985,966 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by a letter of credit.

**NOTE 3 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,039,420	\$ -	\$ -	\$ 1,039,420
Capital assets being depreciated:				
Land improvements	2,402,832	-	(35,000)	2,367,832
Buildings and improvements	38,706,909	177,229	-	38,884,138
Equipment	5,893,974	308,635	(432,836)	5,769,773
Total capital assets being depreciated	<u>47,003,715</u>	<u>485,864</u>	<u>(467,836)</u>	<u>47,021,743</u>

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 3 - Capital Assets - Continued**

Less accumulated depreciation for:

Land improvements	(1,947,853)	(89,087)	35,000	(2,001,940)
Buildings and improvements	(13,522,563)	(823,793)	-	(14,346,356)
Equipment	<u>(4,190,740)</u>	<u>(279,325)</u>	<u>404,301</u>	<u>(4,065,764)</u>
Total accumulated depreciation	<u>(19,661,156)</u>	<u>(1,192,205)</u>	<u>439,301</u>	<u>(20,414,060)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>27,342,559</u>	<u>(706,341)</u>	<u>(28,535)</u>	<u>26,607,683</u>

Capital assets, net of accumulated depreciation	<u>\$ 28,381,979</u>	<u>\$ (706,341)</u>	<u>\$ (28,535)</u>	<u>\$ 27,647,103</u>
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Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 126,123
Vocational instruction	4,327
Special instruction	7,822
Other instruction	5,800
Instructional staff services	320
General administration services	8,010
Building administration services	988,068
Business services	22,671
Operations and maintenance	<u>29,064</u>
Total	<u>\$ 1,192,205</u>

The District does not capitalize interest on general fixed asset projects.

**NOTE 4 - Long-Term Obligations**

Long-term obligations of the District are as follows:

	Beginning			Ending	Amounts
	Balance	Increases	Decreases	Balance	Due Within One Year
Bonds payable	\$ 17,385,000	\$ -	\$ (1,880,000)	\$ 15,505,000	\$ 1,905,000
Notes payable	643,132	-	(134,892)	508,240	135,660
Leases payable	1,332,183	25,238	(559,126)	798,295	29,158
Premium	306,199	-	(35,993)	270,206	35,993
Vested vacation pay	29,696	238,068	(231,549)	36,215	36,215
Vested sick pay	1,169,511	197,603	(282,833)	1,084,281	1,084,281
Wisconsin Retirement System					
Net pension liability	1,289,892	-	(1,289,892)	-	-
LRLIF	2,116,898	486,497	16,537	2,619,932	-
OPEB healthcare	<u>29,508,478</u>	<u>2,069,083</u>	<u>(1,929,476)</u>	<u>29,648,085</u>	<u>1,900,494</u>
Total	<u>\$ 53,780,989</u>	<u>\$ 3,016,489</u>	<u>\$ (6,327,224)</u>	<u>\$ 50,470,254</u>	<u>\$ 5,126,801</u>

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 4 - Long-Term Obligations - Continued**

In prior years, the general and food service funds liquidated vested employee benefits. Interest costs incurred during the year totaled \$404,586. Total interest paid during the year aggregated \$362,447, including \$17,648 for capital leases.

**General Obligation Debt** - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District and is expected to be repaid with general property taxes. General obligation debt at June 30, 2018 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Note Payable	11/24/09	6.12%	9/15/19	\$ 200,000
Bonds	10/23/12	1.5-2%	4/1/25	6,360,000
Bonds	5/17/13	1-2.125%	4/1/26	7,070,000
Bonds	12/1/15	2-4%	4/1/25	2,075,000
Note Payable	2/1/16	2.2%	10/1/25	308,240
Total				<u>\$ 16,013,240</u>

The notes issued in 2009 are Qualified School Construction Notes (QSCB) which are part of a federal program under which the federal government pays the interest either directly to the bond holders or through a rebate to the District for the total interest paid. There is no interest cost to the District resulting in a 0% interest rate on these notes. Generally Accepted Accounting Principles requires non-interest bearing notes to have interest imputed on the outstanding principal balance. Interest of \$13,515 on these notes has been imputed based on an equivalent rate the District would pay for interest bearing notes/bonds and will be paid by the federal government. The aggregate cash flow requirement below includes imputed interest.

**General Obligation Debt Limit Calculation** - The 2017 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,115,096,675. The legal debt limit and margin of indebtedness as of June 30, 2018 in accordance with section 67.03(1)(b) of Wisconsin Statutes follows:

Debt limit (10% of \$2,115,096,675)	\$ 211,509,668
Deduct long-term debt applicable to debt margin	(16,013,240)
Amount available in debt service fund	<u>22,842</u>
Margin of indebtedness	<u>\$ 195,519,270</u>

**Maturities of Long-Term Obligations** - Aggregate cash flow requirements for the retirement of long-term principal and interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,040,660	\$ 323,076	\$ 2,363,736
2020	2,181,444	283,547	2,464,991
2021	2,112,246	246,595	2,358,841
2022	2,153,066	208,151	2,361,217
2023	2,203,903	164,351	2,368,254
2024-2026	5,321,921	199,241	5,521,162
	<u>\$ 16,013,240</u>	<u>\$ 1,424,961</u>	<u>\$ 17,438,201</u>

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
JUNE 30, 2018

**NOTE 5 - Wisconsin Retirement System Pension**

**General Information about the Pension Plan**

**Plan Description** - The Wisconsin Retirement System (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 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3%	10%
2008	6.6	-
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4

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

During the reporting period, the WRS recognized \$1,566,614 in contributions from the employer.

Contribution rates as of June 30, 2018 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At June 30, 2018, the District reported a liability (asset) of (\$4,647,256) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.15651974%, which was an increase of .00002481% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,074,119.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,904,455	\$ 2,761,908
Net differences between projected and actual earnings on pension plan investments	4,973,914	11,361,137
Changes in assumption	918,207	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	113,574	17,868
Employer contributions subsequent to the measurement date	871,681	-
Total	\$ 12,781,831	\$ 14,140,913

\$871,681 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019. 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 Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 4,780,655	\$ 4,219,575
2020	4,213,194	4,219,575
2021	1,508,685	3,095,485
2022	1,396,465	2,606,242
2023	11,151	36

**Actuarial Assumptions** - The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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:

Asset Allocation Targets and Expected Returns  
 As of December 31, 2017

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single Discount Rate** - A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected 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 (Asset) to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate



**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 5 - Wisconsin Retirement System Pension - Continued**

share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 12,024,040	\$ (4,647,256)	\$ (17,317,958)

**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>

**Payables to the Pension Plan** - The District reported a payable of \$7,553 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund**

**General Information about the Other Post Employment Benefits**

**Plan Description** - The LRLIF is a multiple-employer defined-benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post employment life insurance benefits for all eligible employees.

**OPEB Plan Fiduciary Net Position** - ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

**Benefits Provided** - The LRLIF plan provides fully paid life insurance benefits for post age 64 retired employees and pre-65 retirees who pay for coverage.

**Contributions** - The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with basic coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2017 are:

Coverage Type	Employer Contribution
50% post retirement coverage	40% of employee contribution
25% post retirement coverage	20% of employee contribution

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

Attained Age	Basic
Under 30	\$.05
30-34	.06
35-39	.07
40-44	.08
45-49	.12
50-54	.22
55-59	.39
60-64	.49
65-69	.57

During the reporting period, the LRLIF recognized \$16,537 in contributions from the employer.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEBs**

At June 30, 2018, the District reported a liability (asset) of \$2,619,932 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.87082%, which was an decrease of .001096% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2017, the District recognized OPEB expense of \$276,883.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 36,914
Net differences between projected and actual earnings on OPEB plan investments	30,167	-
Changes in assumption	253,170	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,308
Employer contributions subsequent to the measurement date	-	-
Total	\$ 283,337	\$ 39,222

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

Zero reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 46,312	\$ 5,653
2020	46,312	5,653
2021	46,312	5,653
2022	46,312	5,653
Thereafter	98,089	16,610

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

**Long-Term Expected Return on Plan Assets** - The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance  
 Asset Allocation Targets and Expected Returns  
 As of December 31, 2017

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1	1.13
US Credit Bonds	Barclays Credit	65	2.61
US Long Credit Bonds	Barclays Long Credit	3	3.08
US Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long-term Expected Rate of Return			5

**Single Discount rate** - A single discount rate of 3.63% was used to measure the total OPEB liability. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
District's proportionate share of the net OPEB liability (asset)	\$ 3,702,959	\$ 2,619,932	\$ 1,788,822

**OPEB Plan Fiduciary Net Position** - Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

**Payables to the Pension Plan** - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

**NOTE 7 - Interfund Activity**

Interfund transfers for the year ended June 30, 2018 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Non-referendum debt service	\$ 228,229
General	Referendum debt service	10,200
General	Food service	123,997
		<u>\$ 362,426</u>

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 7 - Interfund Activity - Continued**

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 8 - Post Employment Benefits Other Than Pensions**

**Plan Description** - The other post employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

**Benefits Provided** - Administrators at least age 55 (age 54 under early retirement) with 7 years of service in the District will receive contributions towards their medical, dental, life, and long-term care insurance for up to a maximum of 10 years. Contributions will not exceed \$7,500 for single or \$15,000 for family per year. Upon exhaustion of the 10 years, the retiree is responsible for the full amount of the premiums.

Professional staff at least age 55 (age 54 under early retirement) with a minimum of 15 years of service in the District will receive contributions towards their medical, dental, life, and long-term care insurance for up to a maximum of 10 years or Medicare eligibility, whichever occurs first. Contributions will not exceed \$7,500 for single or \$15,000 for family per year. Upon exhaustion of the benefit, the retiree is responsible for the full amount of the premiums. Part-time individuals will be prorated.

**Employees Covered** - As of the June 30, 2018 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	194
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>198</u>
Total	<u>392</u>

**Contributions** - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2018, contribution rates for Plan members were \$0 - \$1,025 per participant per month and \$47 - \$1,820 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$52,247 and the District contributed \$1,900,494 to the plan.

**Actuarial Assumptions** - The OPEB healthcare liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 8 - Post Employment Benefits Other Than Pensions - Continued**

Actuarial Valuation Date:	July 1, 2018
Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal - Level %
Asset Valuation Method:	Fair Market Value
Discount Rate:	3.05%
Salary Increases:	3%
Mortality:	Wisconsin 2012 Mortality Table
Medical Care Cost Trend:	7% decreasing by 1% every 2 years to 5%, and level thereafter

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2018. Actuarial assumptions are based upon an experience study conducted in 2012 using Wisconsin Retirement System experience from 2009 - 2011.

**Long-Term Expected Return on Plan Assets** - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of plan investment expense and inflation) developed for each major asset class. There are no plan assets.

**Discount Rate** - A discount rate of 3.05% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. 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 plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

**Changes in the OPEB Healthcare Liability**

	<u>Increase (Decrease)</u>
	<u>OPEB Healthcare Liability</u>
Beginning balance	\$ 29,508,478
Changes for the year:	
Service cost	1,162,599
Interest	906,485
Differences between expected and actual experience	(28,983)
Benefit payments	<u>(1,900,494)</u>
Net changes	<u>139,607</u>
Ending Balance	<u><u>\$ 29,648,085</u></u>

**Sensitivity of the OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate** - The following presents the OPEB healthcare liability calculated using the healthcare cost trend rate of 7.0 percent decreasing to 5 percent, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.0 percent decreasing to 4 percent) or 1-

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 8 - Post Employment Benefits Other Than Pensions - Continued**

percentage-point higher (8.0 percent decreasing to 6 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (6.0% decreasing to 4%)	Current Healthcare Cost Rate (7.0% decreasing to 5%)	1% Increase to Healthcare Cost Rate (8.0% decreasing to 6%)
OPEB healthcare liability	\$ 28,552,530	\$ 29,648,085	\$ 31,015,527

**Sensitivity of the OPEB Healthcare Liability to Changes in the Discount Rate** - The following presents the OPEB healthcare liability calculated using the discount rate of 3.05 percent, as well as what the OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.05 percent) or 1-percentage-point higher (4.05 percent) than the current rate:

	1% Decrease to Discount Rate (2.05%)	Current Discount Rate (3.05%)	1% Increase to Discount Rate (4.05%)
OPEB healthcare liability	\$ 31,674,270	\$ 29,648,085	\$ 27,850,104

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

For the year ended June 30, 2018, the District recognized OPEB healthcare expense of \$2,142,126.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 28,983
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 28,983

\$0 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the OPEB healthcare liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ -	\$ 2,475
2020	-	2,475
2021	-	2,475
2022	-	2,475
Thereafter	\$ -	\$ 19,083

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 8 - Post Employment Benefits Other Than Pensions - Continued**

**Payables to the OPEB Healthcare Plan** - The District reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended June 30, 2018.

**NOTE 9 - Fund Balances and Net Position**

Portions of fund balances and net position are not available for current appropriation or expenditures as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepaid expenses	\$ 360
Restricted		
General	Self-insurance	\$ 151,649
Non-referendum debt	Principal and interest	\$ 22,842
Capital expansion	DPI regulation	\$ 249,364
Long-term capital improvements	DPI regulation	\$ 623,327
Assigned		
General	Specific expenses	\$ 701,681
Non-scholarship	Specific expenses	\$ 438,886
 <u>Governmental Activities</u>		
Restricted		
Debt service	DPI regulation	\$ 22,842
Capital projects	DPI regulation	\$ 872,691
Other activities	Self-insurance	\$ 151,649
Other activities	Wisconsin Retirement System pension	\$ 3,288,174

Deficits

The following individual funds had deficits at June 30, 2018:

Governmental Activities	Net position	\$ 3,419,789
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The deficits will be funded by future revenues.

**NOTE 10 - Risk Management**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

**NOTE 11 - Capital Leases**

The District leases equipment under capital leases. These assets are included in the capital assets with a cost value of \$2,319,080. The future minimum lease payments are as follows:



**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 JUNE 30, 2018

**NOTE 11 - Capital Leases - Continued**

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 33,475
2020	587,625
2021	<u>194,668</u>
Total minimum lease payments	815,768
Less: amount representing interest	<u>(17,473)</u>
Present value of net minimum lease payments	<u>\$ 798,295</u>

**NOTE 12 - Commitments and Contingencies**

The District has a service agreement with Cooperative Education Service Agency #5 for services to be provided to the District in 2018-2019. Expected costs are \$436,463.

The District is negotiating a transportation agreement with estimated cost for the following school years:

2018-2019	\$ 1,757,886
2019-2020	1,819,412
2020-2021	<u>1,883,091</u>
Total	<u>\$ 5,460,389</u>

On June 12, 2018, the District had entered into an estimated \$11,200,000 construction contract for new athletic facilities. There is \$10,891,121 remaining to be completed on this contract.

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

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 Attorney that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

**NOTE 13 - Limitation of School District Revenue**

Wisconsin statutes limit the amount of revenue that school districts may derive from general school aids and property taxes. The limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

**NOTE 14 - Change in Accounting Principle**

The change in accounting principle adjustment of \$23,266,572 on the statement of activities is due to the adoption of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD  
MARSHFIELD, WISCONSIN**

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2018**

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET
	GENERAL	SPECIAL	TOTAL	GENERAL	SPECIAL	TOTAL	GENERAL	SPECIAL	TOTAL	POSITIVE (NEGATIVE)
		EDUCATION			EDUCATION			EDUCATION		
<b>REVENUES</b>										
Property taxes	\$ 17,892,387	\$ -	\$ 17,892,387	\$ 17,892,387	\$ -	\$ 17,892,387	\$ 17,894,573	\$ -	\$ 17,894,573	\$ 2,186
Other local sources	777,309	21,000	798,309	777,309	21,000	798,309	1,001,946	7,906	1,009,852	211,543
Interdistrict sources	1,748,701	10,000	1,758,701	1,748,701	10,000	1,758,701	2,149,244	47,426	2,196,670	437,969
Intermediate sources	11,684	18,500	30,184	11,684	18,500	30,184	8,577	62,503	71,080	40,896
State sources	23,739,001	1,550,000	25,289,001	23,739,001	1,550,000	25,289,001	23,743,975	1,439,137	25,183,112	(105,889)
Federal sources	1,229,569	1,038,600	2,268,169	1,229,569	1,038,600	2,268,169	1,060,093	1,160,088	2,220,181	(47,988)
Other sources	225,467	-	225,467	225,467	-	225,467	233,500	60	233,560	8,093
<b>TOTAL REVENUES</b>	<b>45,624,118</b>	<b>2,638,100</b>	<b>48,262,218</b>	<b>45,624,118</b>	<b>2,638,100</b>	<b>48,262,218</b>	<b>46,091,908</b>	<b>2,717,120</b>	<b>48,809,028</b>	<b>546,810</b>
<b>EXPENDITURES</b>										
Current										
Instruction										
Regular instruction	18,344,730	-	18,344,730	17,964,730	-	17,964,730	18,110,126	-	18,110,126	(145,396)
Vocational instruction	1,750,327	-	1,750,327	1,750,327	-	1,750,327	1,722,049	-	1,722,049	28,278
Special instruction	-	5,205,726	5,205,726	-	5,205,726	5,205,726	-	5,354,339	5,354,339	(148,613)
Other instruction	2,020,440	1,000	2,021,440	2,020,440	1,000	2,021,440	1,991,627	1,137	1,992,764	28,676
Total instruction	22,115,497	5,206,726	27,322,223	21,735,497	5,206,726	26,942,223	21,823,802	5,355,476	27,179,278	(237,055)
Support services										
Pupil services	1,506,783	635,128	2,141,911	1,506,783	635,128	2,141,911	1,542,464	633,991	2,176,455	(34,544)
Instructional staff services	3,232,190	325,204	3,557,394	3,232,190	325,204	3,557,394	2,829,960	257,354	3,087,314	470,080
General administration services	1,221,567	-	1,221,567	1,691,567	-	1,691,567	1,081,112	-	1,081,112	610,455
Building administration services	2,425,787	-	2,425,787	2,425,787	-	2,425,787	2,435,087	-	2,435,087	(9,300)
Business services	439,220	20,600	459,820	439,220	20,600	459,820	488,484	26,648	515,132	(55,312)
Operations and maintenance	3,985,608	1,000	3,986,608	3,985,608	1,000	3,986,608	3,898,551	299	3,898,850	87,758
Pupil transportation	1,572,297	316,731	1,889,028	1,572,297	316,731	1,889,028	1,638,908	342,741	1,981,649	(92,621)
Central services	176,885	16,684	193,569	176,885	16,684	193,569	128,373	4,577	132,950	60,619
Insurance	382,689	-	382,689	382,689	-	382,689	231,532	1,315	232,847	149,842
Other support services	1,583,853	167,254	1,751,107	1,493,853	167,254	1,661,107	1,570,227	122,224	1,692,451	(31,344)
Total support services	16,526,879	1,482,601	18,009,480	16,906,879	1,482,601	18,389,480	15,844,698	1,389,149	17,233,847	1,155,633
Non-program transactions	1,317,429	392,400	1,709,829	1,317,429	392,400	1,709,829	1,595,052	456,471	2,051,523	(341,694)
Debt service										
Principal	526,079	-	526,079	526,079	-	526,079	559,126	-	559,126	(33,047)
Interest	17,369	-	17,369	17,369	-	17,369	17,648	-	17,648	(279)
Total debt service	543,448	-	543,448	543,448	-	543,448	576,774	-	576,774	(33,326)
Capital outlay	368,110	-	368,110	368,110	-	368,110	523,550	-	523,550	(155,440)
<b>TOTAL EXPENDITURES</b>	<b>40,871,363</b>	<b>7,081,727</b>	<b>47,953,090</b>	<b>40,871,363</b>	<b>7,081,727</b>	<b>47,953,090</b>	<b>40,363,876</b>	<b>7,201,096</b>	<b>47,564,972</b>	<b>388,118</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>										
	<b>4,752,755</b>	<b>(4,443,627)</b>	<b>309,128</b>	<b>4,752,755</b>	<b>(4,443,627)</b>	<b>309,128</b>	<b>5,728,032</b>	<b>(4,483,976)</b>	<b>1,244,056</b>	<b>934,928</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds of capital leases	-	-	-	-	-	-	25,238	-	25,238	25,238
Transfer (to) from other funds	(4,835,054)	4,443,627	(391,427)	(4,835,054)	4,443,627	(391,427)	(4,846,402)	4,483,976	(362,426)	29,001
Sale of capital assets	5,000	-	5,000	5,000	-	5,000	10,250	-	10,250	5,250
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,830,054)</b>	<b>4,443,627</b>	<b>(386,427)</b>	<b>(4,830,054)</b>	<b>4,443,627</b>	<b>(386,427)</b>	<b>(4,810,914)</b>	<b>4,483,976</b>	<b>(326,938)</b>	<b>59,489</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(77,299)</b>	<b>-</b>	<b>(77,299)</b>	<b>(77,299)</b>	<b>-</b>	<b>(77,299)</b>	<b>917,118</b>	<b>-</b>	<b>917,118</b>	<b>994,417</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>13,136,371</b>	<b>-</b>	<b>13,136,371</b>	<b>13,136,371</b>	<b>-</b>	<b>13,136,371</b>	<b>13,136,371</b>	<b>-</b>	<b>13,136,371</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 13,059,072</b>	<b>\$ -</b>	<b>\$ 13,059,072</b>	<b>\$ 13,059,072</b>	<b>\$ -</b>	<b>\$ 13,059,072</b>	<b>\$ 14,053,489</b>	<b>\$ -</b>	<b>\$ 14,053,489</b>	<b>\$ 994,417</b>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**BUDGETARY COMPARISON SCHEDULE FOR THE FOOD SERVICE FUND**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Other local sources	\$ 838,350	\$ 838,350	\$ 775,719	\$ (62,631)
State sources	22,700	22,700	21,740	(960)
Federal sources	777,000	777,000	839,740	62,740
Other sources	<u>1,066</u>	<u>1,066</u>	<u>340</u>	<u>(726)</u>
<b>TOTAL REVENUES</b>	<u>1,639,116</u>	<u>1,639,116</u>	<u>1,637,539</u>	<u>(1,577)</u>
<b>EXPENDITURES</b>				
Current				
Support services				
Business services	1,682,938	1,682,938	1,706,962	(24,024)
Central services	-	-	58	(58)
Other support services	<u>70,176</u>	<u>70,176</u>	<u>41,744</u>	<u>28,432</u>
Total support services	<u>1,753,114</u>	<u>1,753,114</u>	<u>1,748,764</u>	<u>4,350</u>
Capital outlay	<u>39,000</u>	<u>39,000</u>	<u>12,772</u>	<u>26,228</u>
<b>TOTAL EXPENDITURES</b>	<u>1,792,114</u>	<u>1,792,114</u>	<u>1,761,536</u>	<u>30,578</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(152,998)</u>	<u>(152,998)</u>	<u>(123,997)</u>	<u>29,001</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (to) from other funds	<u>152,998</u>	<u>152,998</u>	<u>123,997</u>	<u>29,001</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>152,998</u>	<u>152,998</u>	<u>123,997</u>	<u>(29,001)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**JUNE 30, 2018**

**NOTE 1 - Budgetary Information** - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by a Board of Education resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
3. A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
4. Pursuant to the public budget hearing, the Board of Education may alter the proposed budget.
5. After the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
6. Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.
7. Encumbrance accounting is not used by the District.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

**NOTE 2 - Excess of Actual Expenditure Over Budget** - The following functions had an excess of actual expenditures over budget.

General/Special Education	Regular instruction	\$ 145,396
General/Special Education	Special instruction	148,613
General/Special Education	Pupil services	34,544
General/Special Education	Building administration services	9,300
General/Special Education	Business services	55,312
General/Special Education	Pupil transportation	92,621
General/Special Education	Other support services	31,344
General/Special Education	Non-program services	341,694
General/Special Education	Principal	33,047
General/Special Education	Interest	279
General/Special Education	Capital outlay	155,440
Food Service	Business services	24,024
Food Service	Central services	58

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES**  
**YEAR ENDED JUNE 30, 2018**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
Last 10 Fiscal Years \*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.15651974%	0.15649493%	0.15857087%	0.16026724%
Proportionate share of the net pension liability (asset)	\$ (4,647,256)	\$ 1,289,892	\$ 2,576,746	\$ (3,936,602)
Covered payroll	\$ 23,038,979	\$ 22,397,345	\$ 22,664,256	\$ 21,715,697
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-20.17%	5.76%	11.37%	-18.13%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.93%	99.12%	98.20%	102.74%

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years \*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,566,614	\$ 1,478,227	\$ 1,541,172	\$ 1,518,800
Contributions in relation to the contractually required contribution	<u>(1,566,614)</u>	<u>(1,478,227)</u>	<u>(1,541,172)</u>	<u>(1,518,800)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,038,979	\$ 22,397,345	\$ 22,664,256	\$ 21,715,697
Contributions as a percentage of covered payroll	6.80%	6.60%	6.80%	6.99%

\* The amounts presented for each fiscal year were determined as of the calendar year end which occurred with the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 preceding years.

**Notes to Required Supplementary Information for the Year Ended June 30, 2018**

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes of assumptions - there were no changes in the assumptions.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES  
YEAR ENDED JUNE 30, 2018

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
Last 10 Fiscal Years \*

	<u>2018</u>
Proportion of the net OPEB liability (asset)	0.87082000%
Proportionate share of the net OPEB liability (asset)	\$ 2,619,932
Covered payroll	\$ 36,620,472
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years \*

	<u>2018</u>
Contractually required contribution	\$ 16,537
Contributions in relation to the contractually required contribution	<u>(16,537)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 36,620,472
Contributions as a percentage of covered payroll	0.05%

\* The amounts presented for each fiscal year were determined as of the calendar year end which occurred with the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 proceeding years.

**Notes to Required Supplementary Information for the Year Ended June 30, 2018**

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the local retiree life insurance fund.

Changes of assumptions - there were no changes in the assumptions.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES**  
**YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF CHANGES IN THE OPEB HEALTHCARE LIABILITY AND RELATED RATIOS**  
**Last 10 Fiscal Years**

	<u>2018</u>
<b>Total OPEB Healthcare Liability</b>	
Service cost	\$ 1,162,599
Interest	906,485
Differences between expected and actual experience	(28,983)
Benefit payments	<u>(1,900,494)</u>
Net Changes in Total OPEB Healthcare Liability	139,607
Total OPEB Healthcare Liability - Beginning	<u>29,508,478</u>
<b>Total OPEB Healthcare Liability - Ending</b>	<b><u>\$ 29,648,085</u></b>
Plan fiduciary net position as a percentage of the total OPEB Healthcare liability	0.00%
Covered payroll	\$ 22,330,519
OPEB Healthcare liability as a percentage of covered payroll	132.77%

**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Fiscal Years**

	<u>2018</u>
Actuarially determined contributions	\$ 2,069,083
Contributions in relation to the actuarially determined contributions	<u>(1,900,494)</u>
Contribution deficiency (excess)	<u><u>\$ 168,589</u></u>
Covered payroll	\$ 22,330,519
Contributions as a percentage of covered payroll	8.51%
Actuarial valuation date	7/1/2018
Measurement date	6/30/2018

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 preceding years.

**Notes to Required Supplementary Information for the Year Ended June 30, 2018**

Methods and assumptions used to determine actuarial calculations - entry age normal cost level % amortization, fair market value asset valuation, 3.05% discount rate, 3% salary increases, Wisconsin 2012 mortality table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes in the assumptions.



**UNIFIED SCHOOL DISTRICT OF MARSHFIELD  
MARSHFIELD, WISCONSIN**

**OTHER  
SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

	SPECIAL REVENUE	DEBT SERVICE		CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	NON- SCHOLARSHIP	NON- REFERENDUM DEBT	REFERENDUM DEBT	CAPITAL EXPANSION	LONG-TERM CAPITAL IMPROVEMENT	
<b>ASSETS</b>						
Cash and investments	\$ 444,100	\$ 22,842	\$ -	\$ 249,364	\$ 623,327	\$ 1,339,633
Accounts receivable	4,583	-	-	-	-	4,583
<b>TOTAL ASSETS</b>	<b>448,683</b>	<b>22,842</b>	<b>-</b>	<b>249,364</b>	<b>623,327</b>	<b>1,344,216</b>
<b>LIABILITIES</b>						
Accounts payable	9,797	-	-	-	-	9,797
<b>TOTAL LIABILITIES</b>	<b>9,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,797</b>
<b>FUND BALANCES</b>						
Restricted	-	22,842	-	249,364	623,327	895,533
Assigned	438,886	-	-	-	-	438,886
<b>TOTAL FUND BALANCES</b>	<b>438,886</b>	<b>22,842</b>	<b>-</b>	<b>249,364</b>	<b>623,327</b>	<b>1,334,419</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 448,683</b>	<b>\$ 22,842</b>	<b>\$ -</b>	<b>\$ 249,364</b>	<b>\$ 623,327</b>	<b>\$ 1,344,216</b>

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE	DEBT SERVICE		CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	NON- SCHOLARSHIP	NON- REFERENDUM DEBT	REFERENDUM DEBT	CAPITAL EXPANSION	LONG-TERM CAPITAL IMPROVEMENT	
<b>REVENUES</b>						
Property taxes	\$ -	\$ 252,562	\$ 1,868,700	\$ -	\$ -	\$ 2,121,262
Other local sources	607,169	666	-	1,482	-	609,317
Other sources	2,051	-	-	-	6,638	8,689
<b>TOTAL REVENUES</b>	<b>609,220</b>	<b>253,228</b>	<b>1,868,700</b>	<b>1,482</b>	<b>6,638</b>	<b>2,739,268</b>
<b>EXPENDITURES</b>						
Current						
Instruction						
Regular instruction	481,715	-	-	-	-	481,715
Vocational instruction	3,800	-	-	-	-	3,800
Other instruction	17,443	-	-	-	-	17,443
Total instruction	502,958	-	-	-	-	502,958
Support services						
Instructional staff services	24,283	-	-	-	-	24,283
Building administration services	938	-	-	-	-	938
Operations and maintenance	15,367	-	-	-	-	15,367
Central services	339	-	-	-	-	339
Total support services	40,927	-	-	-	-	40,927
Non-program transactions	356	-	-	-	-	356
Debt service						
Principal	-	399,892	1,615,000	-	-	2,014,892
Interest	-	80,899	263,900	-	-	344,799
Total debt service	-	480,791	1,878,900	-	-	2,359,691
<b>TOTAL EXPENDITURES</b>	<b>544,241</b>	<b>480,791</b>	<b>1,878,900</b>	<b>-</b>	<b>-</b>	<b>2,903,932</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>64,979</b>	<b>(227,563)</b>	<b>(10,200)</b>	<b>1,482</b>	<b>6,638</b>	<b>(164,664)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer from other funds	-	228,229	10,200	-	-	238,429
<b>NET CHANGE IN FUND BALANCE</b>	<b>64,979</b>	<b>666</b>	<b>-</b>	<b>1,482</b>	<b>6,638</b>	<b>73,765</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>373,907</b>	<b>22,176</b>	<b>-</b>	<b>247,882</b>	<b>616,689</b>	<b>1,260,654</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 438,886</b>	<b>\$ 22,842</b>	<b>\$ -</b>	<b>\$ 249,364</b>	<b>\$ 623,327</b>	<b>\$ 1,334,419</b>

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 163,300	\$ 839,213	\$ 845,338	\$ 157,175
<b>TOTAL ASSETS</b>	<b><u>163,300</u></b>	<b><u>839,213</u></b>	<b><u>845,338</u></b>	<b><u>157,175</u></b>
<b><u>LIABILITIES</u></b>				
Due to student organizations				
Middle	44,429	50,732	51,560	43,601
Senior High	<u>118,871</u>	<u>799,606</u>	<u>804,903</u>	<u>113,574</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 163,300</u></b>	<b><u>\$ 850,338</u></b>	<b><u>\$ 856,463</u></b>	<b><u>\$ 157,175</u></b>

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2018**

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED	REVENUES		ACCRUED	SUBRECIPIENT PASS-THROUGH EXPENDITURES
				RECEIVABLES (UNEARNED REVENUE) JULY 1, 2017	GRANTOR REIMBURSEMENT	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2018	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
Wisconsin Department of Public Instruction								
Food Distribution								
July 1, 2017 - June 30, 2018	None	10.555	N/A	\$ -	\$ 114,603	\$ 114,603	\$ -	\$ -
National School Lunch July 1, 2017 - June 30, 2018	2018-713339-NSL-547	10.555	N/A	-	524,734	524,734	-	-
National School Lunch Area Eligible Snack Program July 1, 2017 - June 30, 2018	2018-713339-NSL-Snacks-566	10.555	N/A	-	2,989	3,336	347	-
Special Milk Program for Children July 1, 2017 - June 30, 2018	2018-713339-SMP-548	10.556	N/A	-	826	826	-	-
School Breakfast Program July 1, 2017 - June 30, 2018	2018-713339-SB-546	10.553	N/A	-	132,010	132,010	-	-
School Breakfast Program July 1, 2016 - June 30, 2017	2017-713339-SFSP-586	10.559	N/A	32,643	32,643	-	-	-
July 1, 2017 - June 30, 2018	2018-713339-SFSP-586		N/A	-	22,091	51,459	29,368	-
Total Child Nutrition Cluster				<u>32,643</u>	<u>829,896</u>	<u>826,968</u>	<u>29,715</u>	<u>-</u>
Child Nutrition Discretionary Grant July 1, 2017 - June 30, 2018	2018-713339-Equip-531	10.579	\$ 12,772	-	12,772	12,772	-	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>32,643</u>	<u>842,668</u>	<u>839,740</u>	<u>29,715</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
Wisconsin Department of Health Services								
Medical Assistance								
July 1, 2016 - June 30, 2017	None	93.778	N/A	77,137	77,137	-	-	-
July 1, 2017 - June 30, 2018	None		N/A	-	416,665	441,827	25,162	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u>77,137</u>	<u>493,802</u>	<u>441,827</u>	<u>25,162</u>	<u>-</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Wisconsin Department of Public Instruction								
Title 1A - Grants to Local Educational Agencies								
July 1, 2016 - June 30, 2017	2017-713339-Title I-141	84.010	N/A	137,368	137,368	-	-	-
July 1, 2017 - June 30, 2018	2018-713339-Title I-141		458,096	-	337,063	454,004	116,941	-
				<u>137,368</u>	<u>474,431</u>	<u>454,004</u>	<u>116,941</u>	<u>-</u>
Special Education - Grants to States IDEA (Flow Through) July 1, 2016 - June 30, 2017	2017-713339-IDEA-341	84.027	N/A	342,355	342,355	-	-	-
July 1, 2017 - June 30, 2018	2018-713339-IDEA-341		1,008,216	-	794,856	942,512	147,656	-
Special Education - Grants to States High Cost July 1, 2017 - June 30, 2018	2018-713339-IDEA-341	84.027	N/A	-	9,149	9,149	-	-
Special Education - Preschool Grants July 1, 2016 - June 30, 2017	2017-713339-Pre-S-347	84.173	N/A	13,883	13,883	-	-	-
July 1, 2017 - June 30, 2018	2018-713339-Pre-S-347		40,121	-	27,986	33,990	6,004	-
Total IDEA Cluster				<u>356,238</u>	<u>1,188,229</u>	<u>985,651</u>	<u>153,660</u>	<u>-</u>
Career and Technical Education - Basic Grants to States July 1, 2016 - June 30, 2017	2017-713339-CP-CTE-400	84.048	N/A	22,555	22,555	-	-	-
July 1, 2017 - June 30, 2018	2018-713339-CP-CTE-400		29,586	-	15,212	18,298	3,086	-
Title IV - 21st Century Community Learning Center Grant July 1, 2016 - June 30, 2017	2017-713339-CLC-367	84.287	N/A	95,380	95,380	-	-	-
July 1, 2017 - June 30, 2018	2018-713339-CLC-367		100,000	-	44,800	74,451	29,651	-
Title IV - 21st Century Community Learning Center Grant July 1, 2016 - June 30, 2017	2017-713339-CLC-367	84.287	N/A	89,284	89,284	-	-	-
July 1, 2017 - June 30, 2018	2018-713339-CLC-367		100,000	-	-	74,671	74,671	-
Title IV - 21st Century Community Learning Center Grant July 1, 2017 - June 30, 2018	2018-713339-CLC-367	84.287	130,000	-	30,395	68,501	38,106	-
Title II-A Supporting Effective Instruction State Grant July 1, 2016 - June 30, 2017	2017-713339-Title II-365	84.367	N/A	39,575	39,575	-	-	-
July 1, 2017 - June 30, 2018	2018-713339-Title II-365		97,889	-	68,959	94,319	25,360	-
Title IV - Student Support and Academic Enrichment Grants July 1, 2017 - June 30, 2018	2018-713339-Title IV A-381	84.424	N/A	-	-	8,459	8,459	-
Cooperative Educational Service Agency #5 Title III-A Immigrant Discretionary July 1, 2017 - June 30, 2018	None	84.365	N/A	-	7,177	7,177	-	-
Mid-State Technical College Career Prep Mini-Grant July 1, 2017 - June 30, 2018	None	84.048	N/A	-	1,400	1,400	-	-
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>740,400</u>	<u>2,077,397</u>	<u>1,786,931</u>	<u>449,934</u>	<u>-</u>
<b>TOTAL EXPENDITURE OF FEDERAL AWARDS</b>				<u>\$ 850,180</u>	<u>\$ 3,413,867</u>	<u>\$ 3,068,498</u>	<u>\$ 504,811</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2018**

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH		RECEIVABLE			RECEIVABLE		SUBRECIPIENT PASS-THROUGH EXPENDITURES
	ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	(UNEARNED REVENUE) JULY 1, 2017	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2018		
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Wisconsin Department of Public Instruction								
Special Education and School Age Parents	713339-100	255.101	\$ -	\$ 1,451,063	\$ 1,451,063	\$ -	\$ -	-
State School Lunch Aid	713339-107	255.102	-	15,708	15,708	-	-	-
Common School Fund Library Aid	713339-104	255.103	-	165,885	165,885	-	-	-
General Transportation Aid	713339-102	255.107	-	113,991	113,991	-	-	-
Equalization Aid	713339-116	255.201	362,881	21,362,771	21,365,150	365,260	-	-
High Cost Special Education Aid	713339-119	255.210	-	35,292	35,292	-	-	-
Alcohol and Drug Abuse	713339-143	255.306	-	25,000	25,000	-	-	-
AODA Program Grants	713339-142	255.321	863	863	-	-	-	-
School Breakfast Program	713339-108	255.344	-	6,032	6,032	-	-	-
Educator Effectiveness Evaluation System	713339-154	255.940	-	-	22,560	22,560	-	-
Per Pupil Aid	713339-113	255.945	-	1,737,900	1,737,900	-	-	-
Career and Technical Education Incentive	713339-151	255.950	-	49,412	49,412	-	-	-
Assessments of Reading Readiness	713339-166	255.956	-	8,097	8,097	-	-	-
Robotics League Participation Grants	713339-167	255.959	-	-	1,318	1,318	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			363,744	24,972,014	24,997,408	389,138	-	-
<b>WISCONSIN DEPARTMENT OF REVENUE</b>								
Exempt Computer Aid	None	None	250,973	250,973	254,662	254,662	-	-
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b>\$ 614,717</b>	<b>\$ 25,222,987</b>	<b>\$ 25,252,070</b>	<b>\$ 643,800</b>	<b>\$ -</b>	<b>-</b>

The accompanying notes are an integral part of these statements.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
JUNE 30, 2018

**NOTE 1 - Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Unified School District of Marshfield. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

**NOTE 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

**NOTE 3 - Special Education and School Age Parents Program**

2017-2018 eligible costs under the State Special Education Program are \$5,711,591.

**NOTE 4 - Food Distribution Program**

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

**NOTE 5 - 10% De Minimis Cost Rate**

Elected not to use.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD  
MARSHFIELD, WISCONSIN**

**OTHER REPORTS**





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

To the Board of Education  
Unified School District of Marshfield  
Marshfield, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unified School District of Marshfield, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Unified School District of Marshfield's basic financial statements and have issued our report thereon dated November 6, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Unified School District of Marshfield'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 Unified School District of Marshfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified School District of Marshfield's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant

deficiencies. We consider the 2018-001 and 2018-002 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Unified School District of Marshfield'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*.

### **Unified School District of Marshfield's Responses to Findings**

Unified School District of Marshfield's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Unified School District of Marshfield's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin  
November 6, 2018



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

To the Board of Education  
Unified School District of Marshfield  
Marshfield, Wisconsin

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

We have audited the Unified School District of Marshfield's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of the Unified School District of Marshfield's major federal and state programs for the year ended June 30, 2018. The Unified School District of Marshfield's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Unified School District of Marshfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal or state programs for the year ended June 30, 2018.

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

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin  
November 6, 2018

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2018**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>  X  </u> Yes	_____ No	
Noncompliance material to the financial statements?	_____ Yes	<u>  X  </u> No	

*Federal Awards*

Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> No	

Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes	<u>  X  </u> No	

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.559	Child Nutrition Cluster
93.778	Medical Assistance

*State Assistance*

Internal control over financial reporting:			
Material weakness identified?	_____ Yes	<u>  X  </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> No	

Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i> ?	_____ Yes	<u>  X  </u> No	

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
 JUNE 30, 2018

**Section I - Summary of Auditors' Results - Continued**

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education
255.201	Equalization Aid
255.945	Per Pupil Aid
255.107	General Transportation Aid

Dollar threshold used to distinguish between:

Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

Auditee qualified as low-risk auditee?   X   Yes        No

**Section II - Financial Statements Findings and Questioned Costs**

**2018-001 - Preparation of Financial Statements**

Program: District-Wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2017-001.

Recommendation: Obtain adequate training to prepare GAAP basis financial statements or use external sources to prepare the financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a certified public accounting (CPA) firm. Management has concluded to hire a CPA firm.

**UNIFIED SCHOOL DISTRICT OF MARSHFIELD**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
JUNE 30, 2018

**2018-002 - Significant Audit Adjustments**

Program: District-Wide

Criteria: Generally accepted accounting principles.

Condition: Significant audit adjustments were required to prevent the District's financial statements from being misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2017-002.

Recommendation: Improve the District's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect significant adjustments.

Management's Response: The District will incorporate financial reporting internal controls to detect significant adjustments, prevent misstated financial statements and increase the accuracy of the interim financial reports used by management.

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

None



# Unified School District of Marshfield

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN JUNE 30, 2018

### Summary Schedule of Prior Audit Findings

2017-001 - Preparation of Financial Statements - Repeat. Initially occurred 6/30/08.

2017-002 - Significant Audit Adjustments - Repeat. Initially occurred 6/30/17.

### Corrective Action Plan

2018-001 - Preparation of Financial Statements - Contact: Pat Saucerman, Business Manager. Completion date: N/A. Due to the complexities of governmental reporting in accordance with GAAP, i.e. financial statements and related disclosure reporting, District management has weighed the cost benefit of training current staff or hiring a Certified Public Accountant on staff for the purposes of preparing the external financial statements in accordance with GAAP. District management has concluded to outsource the preparation of the external financial statements and related disclosures to their certified public accounting firm, which is an acceptable practice according to *Government Auditing Standards*. District management will review and approve the externally prepared financial statements.

2018-002 - Significant Audit Adjustments - Contact: Pat Saucerman, Business Manager. Completion date: June 30, 2019. The District will improve its financial reporting internal controls by reconciling accounts on a recurring basis to prevent significant audit adjustments. District management will review and approve the audit adjustments.