

# SCHOOL DISTRICT OF OAKFIELD

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2019

## TABLE OF CONTENTS

	Page
<b>Independent Auditor’s Report</b> .....	4-6
<b>Basic Financial Statements</b>	
Statement of Net Position.....	8
Statement of Activities.....	9
Balance Sheet – Governmental Funds .....	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	11
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	12
Statement of Net Position – Fiduciary Funds.....	13
Statement in Changes in Net Position – Fiduciary Funds.....	14
Notes to the Financial Statements.....	15-38
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund .....	40
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Debt Service Fund .....	41
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Community Service Fund .....	42
Schedule of Changes in Total OPEB Liability .....	43
Schedule of District’s Proportionate Share of the Net Pension Liability (Asset).....	44
Schedule of District Contributions .....	45
Notes to Required Supplementary Information.....	46

TABLE OF CONTENTS – Continued

Page

**Other Supplementary Information**

Combining Balance Sheet – Non-Major Governmental Funds .....	48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds .....	49
Schedule of Changes in Assets and Liabilities – Agency Funds.....	50
Schedule of Expenditures of Federal and State Awards .....	51
Notes to the Schedule of Expenditures of Federal and State Awards .....	52
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	53-54
Independent Auditor’s Report on Compliance for Each Major State Program and on Internal Control over Compliance Required by the Wisconsin Department of Public Instruction .....	55-56
Summary of Auditor’s Results .....	57-59



## INDEPENDENT AUDITOR'S REPORT

Board of Education  
School District of Oakfield  
Oakfield, 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 School District of Oakfield ("District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the budgetary comparison information and the schedules of changes in total OPEB liability, district's proportionate share of the net pension liability (asset), and district's contributions, 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.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District Oakfield's basic financial statements. The combining and individual non-major fund financial statements and the schedule of changes in assets and liabilities - agency funds, as listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Wisconsin Department of Public Instruction, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of changes in assets and liabilities - agency funds, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedule of changes in assets and liabilities - agency funds, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, on our consideration of the School District of Oakfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of Oakfield's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Oakfield's internal control over financial reporting and compliance.

*Huberty & Associates, S.C.*

Fond du Lac, Wisconsin  
November 26, 2019

## **BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF OAKFIELD  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

**ASSETS**

Cash and investments	\$ 1,178,431
Taxes receivable	620,636
Accounts receivable	63,280
Due from other governments	337,023
Prepaid expenses	35,126
Capital assets:	
Non-depreciable	278,129
Depreciable, net	4,642,602
Total Assets	<u>7,155,227</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Other postemployment benefit sources	21,437
Pension sources	2,134,348
Total Deferred Outflows of Resources	<u>2,155,785</u>

**LIABILITIES**

Accounts payable	134,775
Payroll taxes and fringe benefits	165,995
Accrued interest	1,183
Noncurrent Liabilities:	
Due within one year	80,337
Other post-employment benefits	450,686
Net pension liability	824,620
Total Liabilities	<u>1,657,596</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue	5,654
Other postemployment benefit sources	156,652
Pension sources	1,141,049
Total Deferred Inflows of Resources	<u>1,303,355</u>

**NET POSITION**

Net investment in capital assets	4,846,994
Restricted for:	
Debt service	28,581
Unrestricted:	
Designated for community service	115,856
Designated for long-term capital improvement trust fund	208,874
Undesignated	1,149,756
Total Net Position	<u>\$ 6,350,061</u>



SCHOOL DISTRICT OF OAKFIELD  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 3,200,952	\$ 749,911	\$ 659,490	\$ (1,791,551)
Vocational	213,006	49,902	2,900	(160,204)
Special education	537,378	-	246,663	(290,715)
Other	513,392	133,305	9,527	(370,560)
Total Instruction	4,464,728	933,118	918,580	(2,613,030)
Support Services:				
Pupil services	191,908	-	4,360	(187,548)
Instructional staff services	334,530	-	68,054	(266,476)
Administration	898,138	-	-	(898,138)
Building and grounds	870,999	-	-	(870,999)
Pupil transportation	294,809	-	18,059	(276,750)
Central services	293,768	-	-	(293,768)
Insurance	50,044	-	-	(50,044)
Interest and fees	11,653	-	-	(11,653)
Food service	305,599	124,067	79,388	(102,144)
Community services	456,741	462,920	-	6,179
Other support services	43,919	-	-	(43,919)
Total Support Services	3,752,108	586,987	169,861	(2,995,260)
<b>Total Governmental Activities</b>	<b>\$ 8,216,836</b>	<b>\$ 1,520,105</b>	<b>\$ 1,088,441</b>	<b>(5,608,290)</b>
<b>General Revenues:</b>				
Property taxes:				
General purposes				2,359,975
Debt services				82,357
State and federal aids not restricted to specific functions:				
General				3,442,397
Other				60,382
Interest and investment earnings				22,494
Miscellaneous				171,145
<b>Total General Revenues</b>				<b>6,138,750</b>
<b>Change in Net Position</b>				<b>530,460</b>
<b>Net Position:</b>				
Beginning of year				5,819,601
End of year				<b>\$ 6,350,061</b>

The accompanying notes are an integral part of these financial statements.

SCHOOL DISTRICT OF OAKFIELD  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General	Debt Service	Community Service	Other Governmental	Total Governmental
<b>ASSETS</b>					
Cash and investments	\$ 804,560	\$ 28,581	\$ 86,995	\$ 258,295	\$ 1,178,431
Taxes receivable	620,636	-	-	-	620,636
Accounts receivable	11,448	-	28,861	22,971	63,280
Due from other governments	337,023	-	-	-	337,023
Prepaid expenses	35,126	-	-	-	35,126
<b>Total Assets</b>	<b>\$ 1,808,793</b>	<b>\$ 28,581</b>	<b>\$ 115,856</b>	<b>\$ 281,266</b>	<b>\$ 2,234,496</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 115,038	\$ -	\$ -	\$ 19,737	\$ 134,775
Payroll taxes and fringe benefits	165,995	-	-	-	165,995
<b>Total Liabilities</b>	<b>281,033</b>	<b>-</b>	<b>-</b>	<b>19,737</b>	<b>300,770</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	5,654	5,654
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid expenses	35,126	-	-	-	35,126
Restricted for:					
Debt service	-	28,581	-	-	28,581
Committed	-	-	-	208,874	208,874
Assigned	-	-	115,856	47,001	162,857
Unassigned	1,492,634	-	-	-	1,492,634
<b>Total Fund Balances</b>	<b>1,527,760</b>	<b>28,581</b>	<b>115,856</b>	<b>255,875</b>	<b>1,928,072</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,808,793</b>	<b>\$ 28,581</b>	<b>\$ 115,856</b>	<b>\$ 281,266</b>	

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

Capital assets used in government 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:

Governmental capital assets	\$ 11,144,035	
Governmental accumulated depreciation	(6,223,304)	4,920,731
Deferred outflows of resources (related to pensions)		2,134,348
Deferred outflows of resources (related to other postemployment benefits)		21,437
Deferred inflows of resources (related to pensions)		(1,141,049)
Deferred inflows of resources (related to other postemployment benefits)		(156,652)

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

General obligation debt	(73,737)	
Termination benefits	(6,600)	
Net pension (liability) asset	(824,620)	
Other post-employment benefits	(450,686)	
Accrued interest of general obligation debt	(1,183)	(1,356,826)
<b>Total Net Position - Governmental Activities</b>		<b>\$ 6,350,061</b>

SCHOOL DISTRICT OF OAKFIELD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

	General	Debt Service	Community Service	Other Governmental	Total Governmental
<b>REVENUES:</b>					
Property taxes	\$ 2,359,975	\$ 82,357	\$ -	\$ -	\$ 2,442,332
Other local sources	55,691	-	462,920	131,147	649,758
Interdistrict sources	896,498	-	-	-	896,498
Intermediate sources	6,041	-	-	-	6,041
State sources	4,251,625	-	-	3,898	4,255,523
Federal sources	254,167	-	-	75,490	329,657
Other sources	163,961	3,526	-	-	167,487
<b>Total Revenues</b>	<b>7,987,958</b>	<b>85,883</b>	<b>462,920</b>	<b>210,535</b>	<b>8,747,296</b>
<b>EXPENDITURES:</b>					
Instruction:					
Regular instruction	3,209,275	-	-	-	3,209,275
Vocational	201,186	-	-	-	201,186
Special	501,504	-	-	-	501,504
Other	483,478	-	-	-	483,478
Total Instruction	4,395,443	-	-	-	4,395,443
Support Services:					
Pupil services	182,913	-	-	-	182,913
Instructional staff services	323,722	-	-	-	323,722
Administration	851,106	-	-	-	851,106
Building and grounds	1,443,105	-	316	-	1,443,421
Pupil transportation	294,250	-	559	-	294,809
Central services	281,839	-	-	-	281,839
Insurance	50,044	-	-	-	50,044
Principal and interest	-	232,357	-	-	232,357
Food service	-	-	-	304,186	304,186
Community services	-	-	431,119	-	431,119
Other support services	43,919	-	-	-	43,919
Total Support Services	3,470,898	232,357	431,994	304,186	4,439,435
<b>Total Expenditures</b>	<b>7,866,341</b>	<b>232,357</b>	<b>431,994</b>	<b>304,186</b>	<b>8,834,878</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>121,617</b>	<b>(146,474)</b>	<b>30,926</b>	<b>(93,651)</b>	<b>(87,582)</b>
<b>Other Financing Sources (Uses):</b>					
Transfer from general fund	-	150,000	-	96,598	246,598
Transfer to debt service fund	(150,000)	-	-	-	(150,000)
Transfer to food service fund	(96,598)	-	-	-	(96,598)
<b>Total Other Financing Sources (Uses)</b>	<b>(246,598)</b>	<b>150,000</b>	<b>-</b>	<b>96,598</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(124,981)</b>	<b>3,526</b>	<b>30,926</b>	<b>2,947</b>	<b>(87,582)</b>
<b>Fund Balances:</b>					
Beginning of year	1,652,741	25,055	84,930	252,928	2,015,654
End of year	\$ 1,527,760	\$ 28,581	\$ 115,856	\$ 255,875	\$ 1,928,072

**SCHOOL DISTRICT OF OAKFIELD  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ (87,582)

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	\$ 887,783	
Depreciation expense reported in the statement of activities	<u>(141,805)</u>	745,978

Changes in post retirement liability do not provide or require current financial resources and therefore are not reflected in funds.

Other post-employment benefits earned in current year		(47,922)
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Certain employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Employee termination benefits paid in current year		13,739
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Changes in net pension liability (asset) and related pension sources deferred outflows and deferred inflows of resources do not provide or require current financial resources and therefore are not reflected in the funds.

Pension benefits paid in current year	242,417	
Pension benefits earned in current year	<u>(556,874)</u>	(314,457)

Bond proceeds provide current financial resources to governmental funds; but issuing debt increases long-term liabilities in the statement of net position. 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.

Long-term debt principal payments in the current year		217,220
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In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period	15,137	
The amount of interest accrued during the period	<u>(11,653)</u>	<u>3,484</u>

Change in Net Position - Governmental Activities		<u>\$ 530,460</u>
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SCHOOL DISTRICT OF OAKFIELD  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
 JUNE 30, 2019

	<u>Private- Purpose Trust</u>	<u>Agency</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 2,695	\$ 110,555
Total Assets	<u>2,695</u>	<u>110,555</u>
<b><u>LIABILITIES</u></b>		
Due to student groups	-	110,555
Scholarship payable	<u>500</u>	<u>-</u>
Total Liabilities	<u>500</u>	<u>\$ 110,555</u>
<b><u>NET POSITION</u></b>		
Restricted for scholarships and awards	<u>\$ 2,195</u>	

The accompanying notes are an integral part of these financial statements.

SCHOOL DISTRICT OF OAKFIELD  
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2019

	<u>Private- Purpose Trust</u>
<b>ADDITIONS:</b>	
Contributions	\$ 1,820
<b>Total Additions</b>	<u>1,820</u>
<b>DEDUCTIONS:</b>	
Scholarships and awards	8,750
<b>Total Deductions</b>	<u>8,750</u>
<b>Change in Net Position</b>	(6,930)
<b>Net Position:</b>	
Beginning of year	9,125
End of year	<u>\$ 2,195</u>

**SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the School District of Oakfield (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standard 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 School District of Oakfield is organized as a common school district governed by an elected seven-member school board. The District operates grades four-year old kindergarten through grade 12 and is comprised of all or part of seven taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements.

**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. Business-type activities are financed in part by fees charged to external parties. The District does not operate any business-type activities.

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 for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:*

The fund statements provide information about the District’s funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The District has no proprietary or internal service funds. Funds are organized as major funds or nonmajor funds within the governmental fund statements. An emphasis is placed on major fund, each displayed in a separate column. All remaining funds of a fund category are aggregated and reported as nonmajor funds.

SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The District reports the following major governmental funds:

General fund – This is the District’s primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund. The general fund includes all activity of the special education fund.

Debt service fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

Community service fund This fund is used to account for activities such as adult education, community recreation programs such as evening swimming pool operation and softball leagues, elderly food service programs, non-special education preschool, daycare services, and other programs which are not elementary and secondary educational programs but have the primary function of serving the community.

Non-major funds include the long-term capital improvement, special revenue, and food service.

Fiduciary funds include a private-purpose trust (scholarship and awards) and an agency (student activity) 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 transactions take place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and similar items are 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. 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.



**SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Measurement Focus and Basis of Accounting – continued**

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 positions 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.

**Cash and Investments**

The District's cash consist of cash on hand, demand deposits, and short-term investments with original maturities of six months or less from date of acquisition. Investments are stated at fair value. Fair values is the price that would be received to sell an asset in a orderly transaction between market participants at the measurement date. Investment of District funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, local professional stadium district, or local cultural arts district created under subchapter II, III, IV or V of chapter 229 of the Wisconsin statutes, or bonds issued by the University of Wisconsin Hospitals or Clinics Authority or the Wisconsin Aerospace Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is limited to bonds issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government or repurchase agreements fully collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

**SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Property Tax Levy**

The District's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31<sup>st</sup> and a final payment no later than the following July 31<sup>st</sup>. 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<sup>th</sup> and by the 20<sup>th</sup> of each subsequent month thereafter. On or before August 20<sup>th</sup>, 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 2018 tax levy is used to finance operations of the District's fiscal year ended June 30, 2019. All property taxes are considered due on January 1<sup>st</sup>, 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<sup>th</sup> and are available to pay current liabilities.

**Accounts Receivable**

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of probable losses determined principally on the basis of historical experience. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for doubtful accounts. As of June 30, 2019, there was no allowance for doubtful accounts.

**Internal Receivables and Payables**

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." Long-term interfund loans (noncurrent portion) are reported as "advanced from and to other funds." Interfund receivables and payable between funds within governmental activities are eliminated in the statement of net position.

**Prepaid Items**

Certain payments to vendors reflect costs that will benefit to future accounting periods and are recorded as prepaid items and are accounted for on the consumption method. Prepaid items of government fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable, available financial resources.

SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Fair Value Measurements**

Fair value is defined as the exchange price (an exit price) that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**Capital Assets**

*District-wide Statements*

In the district-wide financial statements, property and equipment are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or higher. Capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation as follows:

Site improvements	20 years
Buildings and improvements	7-50 years
Furniture and equipment	5-20 years
Vehicles	8 years

SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Capital Assets** – continued

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Compensated Absences**

Employees can request up to 2 days a school year of personal leave, which will be deducted from the employee's accumulated sick leave days. The District allows accumulation of sick leave of 1 day per month of employment up to 10 days per contract year. Any unused sick days are accrued in the employees sick leave bank up to 108 days. Upon retirement, employees can receive payment for unused sick time up to 108 days converting to \$250 per day. The amount shall be issued in a form of cash to the retired staff.

**Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

**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.

SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Post-employment Benefits Other than Pensions (OPEB)**

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the District's OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments, which are reported at cost.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. Deferred inflows of resources are an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

**Equity Classifications**

*District-wide Statements:*

Net position is classified in three components. Resources are used in the following order: restricted and unrestricted.

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net positions – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net positions – Consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

*Fund Financial Statements:*

The District reports its fund balance classifications in five components. Resources are used in the following order: restricted, committed, assigned and unassigned. Assigned fund balance is established by the District Administrator or the Board of Education through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, food service, debt service, or for other purposes).

SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Equity Classifications** – continued

Nonspendable – Amounts that cannot be spent because of their form or because they must be maintained intact.

Restricted – Amounts with limitations placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Committed – Amounts with limitations imposed prior to the end of the period by the highest level of decision making and would require formal action at the same level to remove.

Assigned – Amounts intended to be used and established by the highest level of decision making, a body designated for that purpose, or by an official designated for that purpose.

Unassigned – All other amounts that do not meet the definition of nonspendable, restricted, committed or assigned.

**Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**New GASB Pronouncements**

During the year ended June 30, 2019, the District implemented the following statements of financial accounting standards issued by the Governmental Accounting Standards Board:

Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The District should recognize a liability if the District has a legal obligation to perform future asset retirement activities related to its tangible capital assets. At initial recognition, a liability and deferred outflow of resources is recorded when an ARO is incurred and reasonably estimable. At subsequent recognition, adjustments for general inflation and deflation and evaluation of relevant factors need to be made at least annually. Management has determined the impact of this Statement is not material to the financial statements.

SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**New GASB Pronouncements** – continued

Statement 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements. This Statement improves disclosure requirements related to debt, including direct borrowings and direct placements, and clarifies which liabilities should be included in debt-related disclosures. “Debt” is defined as a liability that arises from a contractual obligation to pay cash (or other asset that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Disclosures should include: amount of unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements, debt disclosures should separate direct borrowings/direct placements from other debt. See Note F and G for additional information regarding the adoption.

Additionally, GASB has also issued the following standards which will be effective in subsequent years:

Statement 84, *Fiduciary Activities*, effective for the year ended June 30, 2020.

Statement 87, *Leases*, effective for the year ended June 30, 2021.

Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ended June 30, 2021.

Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61*, effective for the year ended June 30, 2020.

Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2022.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**NOTE B – CASH AND INVESTMENTS**

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

**SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019**

**NOTE B – CASH AND INVESTMENTS – Continued**

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposit and \$250,000 for demand deposit, both interest-bearing and noninterest-bearing. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered, total recovery of insured losses may not be available. This coverage has not been considered in computing the amounts in Category 1 below.

The District’s deposits and investments are categorized to give an indication of the level of custodial credit risk assumed by the District at year-end. Category 1 includes items that are insured or registered or which are collateralized by or evidenced by securities held by the District or its agent in the District’s name. Category 2 includes deposits collateralized with securities held by the pledging institution’s trust department or agent in the District’s name, or uninsured and unregistered investments for which the securities are held by the counter party’s trust department or agent in the District’s name. Category 3 includes uncollateralized deposits, and uninsured and unregistered investments, with securities held by the counterparty or its trust department or agent but not in the District’s name.

	Category			Total	Carrying Amount
	1	2	3		
Local and area banks	\$ 10,432	\$ -	\$ -	\$ 10,432	\$ (480,501)
Wisconsin Local Government Investment Pool					1,772,182
Total Deposits and Investments					\$ 1,291,681
Per statement of net position:					
Cash and investments					\$ 1,178,431
Per statement of net position - fiduciary funds:					
Private-Purpose Trust					2,695
Agency					110,555
Total					\$ 1,291,681

The District had no significant type of investments during the year not included in the above schedule. Fluctuating cash flows during the year due to tax collections, receipt of state aids, and borrowings may have resulted in temporary balances exceeding insured amounts by substantially higher amounts than reported at the balance sheet date.

Credit risk – Generally, credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of the investment. The District’s policies are designed to maximize investment earnings while protecting the security of principals and providing adequate liquidity, in accordance to state statute as listed previously. At June 30, 2019, the District had no investments in government securities.

Concentration of credit risk- The District does not have a policy for concentration of credit risk.



**SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE B – CASH AND INVESTMENTS – Continued**

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investments in the LGIP are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the Pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by an FDIC and State of Wisconsin Guarantee Fund Insurance.

The District has a \$250,000 issued letter of credit as of June 30, 2019. The letter of credit is supported by general checking funds.

**NOTE C – INTERFUND BALANCES AND ACTIVITY**

The interfund transfers at June 30, 2019 were as follows:

Transfer from general fund to debt service fund to cover extra debt payment:	<u>\$ 150,000</u>
Transfer from general fund to food service fund to cover expenses exceeding revenues:	<u>\$ 96,598</u>

There were no interfund receivable and payable balances in the fund financial statements for the year ended June 30, 2019.

**NOTE D – FAIR VALUE MEASUREMENTS**

Following is a description of the valuation methodologies used for assets measured at fair value.

Local government investment pool fund is valued at amortized cost of the underlying assets for purposes of calculating income to participants.

**SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE D – FAIR VALUE MEASUREMENTS – Continued**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the District’s investments at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Local government investment pool	\$ -	\$ 1,772,182	\$ -	\$ 1,772,182

**NOTE E – CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, nondepreciable:				
Land	\$ 174,154	\$ -	\$ -	\$ 174,154
Construction in process	-	103,975	-	103,975
Total capital assets, nondepreciable	<u>174,154</u>	<u>103,975</u>	<u>-</u>	<u>278,129</u>
Capital assets, depreciable:				
Site improvements	526,323	24,731	-	551,054
Buildings and improvements	6,859,439	547,415	-	7,406,854
Furniture and equipment	2,621,224	211,662	-	2,832,886
Vehicles	75,112	-	-	75,112
Total capital assets, depreciable	<u>10,082,098</u>	<u>783,808</u>	<u>-</u>	<u>10,865,906</u>
Less accumulated depreciation for:				
Site improvements	484,126	4,451	-	488,577
Buildings and improvements	3,017,913	73,431	-	3,091,344
Furniture and equipment	2,512,623	63,923	-	2,576,546
Vehicles	66,837	-	-	66,837
Total accumulated depreciation	<u>6,081,499</u>	<u>141,805</u>	<u>-</u>	<u>6,223,304</u>
Total capital assets, depreciable, net	<u>4,000,599</u>	<u>642,003</u>	<u>-</u>	<u>4,642,602</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 4,174,753</u>	<u>\$ 745,978</u>	<u>\$ -</u>	<u>\$ 4,920,731</u>

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE E - CAPITAL ASSETS - Continued

The District's capital assets are shared by many governmental functions. Depreciation expense was allocated to District functions as follows:

**Governmental Activities:**

Regular instruction	\$ 40,557
Building and grounds	88,777
Central services	11,929
Community services	171
Food service	371
	<u>\$ 141,805</u>

NOTE F - SHORT-TERM DEBT

The District borrows funds on an as needed basis to meet the needs of the District between tax payments. During the year ended June 30, 2019, the District did not utilize any short-term debt.

NOTE G - LONG-TERM OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental activities:</b>					
General obligation debt:					
Notes	\$ 290,957	\$ -	\$ 217,220	\$ 73,737	\$ 73,737
Total general obligation debt	290,957	-	217,220	73,737	73,737
Termination benefits	20,339	-	13,739	6,600	6,600
<b>Total governmental activities long-term obligations</b>	<u>\$ 311,296</u>	<u>\$ -</u>	<u>\$ 230,959</u>	<u>\$ 80,337</u>	<u>\$ 80,337</u>

Total interest paid and accrued during the year:

	<u>Expense</u>	<u>Paid</u>
General obligation debt	<u>\$ 11,653</u>	<u>\$ 15,137</u>

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE G - LONG-TERM OBLIGATIONS - Continued

The full faith, credit, and taxing powers of the District secure all general obligation debt. General obligation debt is comprised of the following individual issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
State trust fund	06/15/09	03/15/29	5.50%	<u>\$ 73,737</u>

The \$1,000,000 State Trust Fund loan has a qualified "Build America Bonds" status which allows for the District to receive a credit from the United States Treasury equal to 35% of the stated interest paid. The District has to deposit all such credits into the Debt Service Fund Account and use the credits to offset the tax levy required by the note.

Termination benefits of the District consist of a cash payment option in lieu of the other post-employment benefit; up to 108 days of accumulated sick leave will be converted at the rate \$250 per sick day for administrators and professional staff and \$100 per sick day for support staff and can be paid in a variety of different payment options through the District's normal payroll processes.

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$239,066,504. The legal debt limit and margin of indebtedness as of June 30, 2019 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$239,066,504)	\$ 23,906,650
Deduct long-term debt applicable to debt margin (less available for debt service)	<u>45,155</u>
Margin of indebtedness	<u>\$ 23,861,495</u>

Aggregate cash flow requirements for retirement of long-term principal and interest on notes and bonds as of June 30, 2019 is as follows:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	<u>\$ 73,737</u>	<u>\$ 2,589</u>	<u>\$ 76,326</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE H - PENSION PLAN

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, 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 occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average 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.

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE H - PENSION PLAN - Continued

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	42.0
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, Executives and Elected Officials. Starting 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 \$244,935 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

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

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE H - PENSION PLAN - Continued

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.** At June 30, 2019, the District reported a liability (asset) of \$824,620 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (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, 2018, the District's proportion was 0.02317857%, which was an increase of 0.00055076% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$556,523.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual	\$ 634,987	\$ (1,135,275)
Net differences between projected and actual earnings on pension plan investments	1,204,302	-
Changes in assumptions	139,000	-
Changes in proportion and differences between employer contributions and proportionate contributions	2,888	(5,774)
Employer contributions subsequent to the measurement date	153,171	-
	<u>\$ 2,134,348</u>	<u>\$ (1,141,049)</u>

\$153,171 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:

<u>Year Ended June 30</u>	<u>Deferred Outflow of Resources</u>
2019	\$ 307,408
2020	76,897
2021	133,306
2022	329,676
Thereafter	-

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE H - PENSION PLAN - Continued

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

Actuarial valuation date	December 31, 2017
Measurement date of net pension liability (asset)	December 31, 2018
Actuarial cost method	Entry age
Asset valuation method	Fair market value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

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

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

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



SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE H - PENSION PLAN - Continued

Asset Allocation Targets and Expected Returns As of December 31, 2018

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global equities	49.0%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9.0%	6.5%	3.9%
Private equity/debt	8.0%	9.4%	6.7%
Multi-asset	4.0%	6.7%	4.1%
Total Core Fund	110.0%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
US equities	70.0%	7.6%	5.0%
International equities	30.0%	8.5%	5.9%
Total Variable Fund	100.0%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%  
 Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

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

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

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE H - PENSION PLAN - Continued

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
District's proportionate share of the net pension liability (asset)	\$ 3,277,129	\$ 824,620	\$ (999,009)

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

NOTE I - OTHER POST-EMPLOYMENT BENEFITS

**Plan description.** In addition to providing pension benefits, the District provides certain defined benefit other post-employment benefits for medical and dental care premium payments to qualifying retired employees and their eligible dependents or survivors pursuant to collective bargaining agreements and Board resolutions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

**Benefits provided. Professional staff and administrators** - At least age 55 and 15 years of full-time service as of June 30 with the District; Upon retirement, up to 108 days of accumulated unused sick leave shall be converted to District paid health and dental insurance at the rate of one month of paid premiums per six unused sick days. If the retiree has an amount of sick leave days not divisible by six, the premium contribution shall be prorated for the last month of benefit. Upon exhaustion of the sick leave conversion benefit, the retiree may choose to continue health and dental coverage for the remainder of the COBRA allowed 18-month period, provided they self-pay the full premium. This continued benefit may not exceed 18 months.

**Support staff** - At least age 55 and 15 years of full-time service as of June 30 with the District; Upon retirement, up to 108 days of accumulated unused sick leave shall be converted to District paid health and dental insurance at the rate of one month of paid premiums per twelve unused sick days. If the retiree has an amount of sick leave days not divisible by twelve, the premium contribution shall be prorated for the last month of benefit. The benefit will cease upon: exhaustion, nine months after qualifying event, or if the retiree fails to complete COBRA election paperwork, whichever occurs first. Upon exhaustion of the sick leave conversion benefit, the retiree may choose to continue health and dental coverage for the remainder of the COBRA allowed 18-month period, provided they self-pay the full premium. This continued benefit may not exceed 18 months.

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE I - OTHER POST-EMPLOYMENT BENEFITS - Continued

*Employees covered by benefit terms.* Plan membership consisted of the following as of June 30, 2018, the date of the latest actuarial valuation:

Retirees	0
Actives	<u>51</u>
Total	<u><u>51</u></u>

*Total OPEB Liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB.* At June 30, 2019, the District reported a total OPEB liability of \$450,686. The total OPEB liability was measured as of June 30, 2018, determined by an actuarial valuation as of June 30, 2017. For the year ended June 30, 2019, the District recognized OPEB expense of \$47,922. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 96,845
Changes in assumptions or other input	21,437	59,807
District contributions subsequent to the measurement date	-	-
	<u>\$ 21,437</u>	<u>\$ 156,652</u>

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b><u>Year ended June 30:</u></b>	
2019	\$ (10,579)
2020	(10,579)
2021	(10,579)
2022	(10,579)
2023	(10,579)
Thereafter	(82,320)

The contributions for retirees and beneficiaries have been funded on a pay-as-you-go basis, which are allocated among functions based on the proportionate amount of payroll cost. For the year ended June 30, 2019, medical and dental care premium expenditures on the pay-as-you-go basis amounted to \$0. As of June 30, 2019, the Board of Education has decided not to establish a trust fund for funding the OPEB liability.

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE I - OTHER POST-EMPLOYMENT BENEFITS - Continued

*Changes in the Total OPEB Liability.*

Balance at beginning of year	\$ 400,537
Changes for the year:	
Service cost	43,717
Interest	14,784
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(8,352)
Benefit payments	-
Net changes	<u>50,149</u>
Balance at end of year	<u>\$ 450,686</u>

No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

**Actuarial assumptions.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	June 30, 2017
Measurement date of OPEB liability	June 30, 2018
Actuarial cost method	Entry age normal - level % of salary
Asset valuation method	Fair market value
Discount rate	3.75%
Inflation rate	2.5%
Medical care trend	7.5% decreasing by 0.5% per year down to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter
Dental care trend	5.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Discount rate based on	20-year AA municipal bond rate

The actuarial assumptions were based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

**Sensitivity of the District's total OPEB liability to changes in the discount rate.** The following presents the District's total OPEB liability calculated using the discount rate of 3.75%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate as of June 30, 2017, the date of the latest actuarial valuation:

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

NOTE I - OTHER POST-EMPLOYMENT BENEFITS - Continued

	<u>1% Decrease (2.75%)</u>	<u>Current Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
District's total OPEB liability	\$ 484,656	\$ 450,686	\$ 418,335

**Sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rate.** The following presents the District's total OPEB liability calculated using the discount rate of 7.50% for medical and 5.00% for dental, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50% and 4.00%) or 1-percentage-point higher (8.50% and 6.00%) than the current rate as of June 30, 2017, the date of the latest actuarial valuation:

	<u>1% Decrease (6.5% decreasing to 4.0%)</u>	<u>Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)</u>	<u>1% Increase (8.5% decreasing to 6.0%)</u>
District's total OPEB liability	\$ 393,393	\$ 450,686	\$ 519,305

NOTE J - OPERATING LEASE, AS LESSOR

In May 2017, the District renewed a 10-year broadband lease agreement to transfer bandwidth use to the lessee with the option of an automatic renewal for up to one additional 10 year terms. The agreement includes a monthly payments ranging from \$5,833 to \$7,950.

If the agreement terminates as a result of a material breach by the District that remains uncured for more than thirty days following written notice by the lessee, the District will refund the upfront payment on a pro rata basis. The additional terms will automatically renew unless the lessee notifies the District in writing at least six months prior to the end of the initial term or the first renewal term.

The following schedule by years of future minimum lease payments under the lease at June 30, 2019:

<u>Year Ended June 30:</u>	
2020	\$ 96,963
2021	100,357
2022	103,869
2023	107,505
2024	111,267
Thereafter	1,855,597
	<u>\$ 2,375,558</u>

**SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE K - 403(b) EMPLOYEE SAVINGS PLAN**

Effective November 12, 2008, the District began a 403(b) Employee Savings Plan. Every District employee is eligible to participate in the plan, with the exception of (a) non-resident aliens, (b) those who do not have sufficient income to be eligible to contribute at least \$200 per year or (c) students/student-teachers. The District does not make any matching contributions.

**NOTE L - 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; and natural disasters for which the government carries commercial insurance. The District carries completes an annual review of its insurance coverage to ensure adequate coverage.

**NOTE M - CONTINGENCIES**

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. According, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determine at this time although the District expects such amounts, if any, to be immaterial.

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

**NOTE N - LIMITATIONS ON SCHOOL DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues need for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

A resolution of the school board or a referendum prior to August 12, 1993,

A referendum on or after August 12, 1993.

**NOTE O - SUBSEQUENT EVENTS**

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 26, 2019, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

SCHOOL DISTRICT OF OAKFIELD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND  
ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2019

	General Operations				Special Education				Total	
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final				
<b>REVENUES:</b>										
Property taxes	\$ 2,359,975	\$ 2,359,975	\$ 2,359,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,359,975	\$ -
Other local sources	51,100	51,100	55,691	4,591	-	-	-	-	55,691	4,591
Interdistrict sources	830,178	830,178	896,498	66,320	-	-	-	-	896,498	66,320
Intermediate sources	2,000	2,000	2,900	900	14,340	17,085	3,141	(13,944)	6,041	(13,044)
State sources	4,186,410	4,149,810	4,142,766	(7,044)	84,773	101,000	108,859	7,859	4,251,625	815
Federal sources	110,913	110,913	109,694	(1,219)	130,208	155,133	144,473	(10,660)	254,167	(11,879)
Other sources	110,000	146,600	163,961	17,361	-	-	-	-	163,961	17,361
<b>Total Revenues</b>	<b>7,650,576</b>	<b>7,650,576</b>	<b>7,731,485</b>	<b>80,909</b>	<b>229,321</b>	<b>273,218</b>	<b>256,473</b>	<b>(16,745)</b>	<b>7,987,958</b>	<b>64,164</b>
<b>EXPENDITURES:</b>										
Instruction:										
Regular	3,235,693	3,260,748	3,209,275	51,473	-	-	-	-	3,209,275	51,473
Vocational	196,471	196,471	201,186	(4,715)	-	-	-	-	201,186	(4,715)
Special	-	-	-	-	468,538	468,538	501,504	(32,966)	501,504	(32,966)
Other	468,557	468,557	483,478	(14,921)	-	-	-	-	483,478	(14,921)
Total Instruction	3,900,721	3,925,776	3,893,939	31,837	468,538	468,538	501,504	(32,966)	4,395,443	(1,129)
Support Services:										
Pupil services	126,206	126,206	124,876	1,330	65,336	64,775	58,037	6,738	182,913	8,068
Instructional staff services	240,500	445,943	276,596	169,347	49,329	48,905	47,126	1,779	323,722	171,126
Administration	835,000	855,000	851,106	3,894	-	-	-	-	851,106	3,894
Building and grounds	1,297,330	1,305,330	1,443,105	(137,775)	-	-	-	-	1,443,105	(137,775)
Pupil transportation	275,000	275,000	275,166	(166)	19,719	19,550	19,084	466	294,250	300
Administrative technology services	-	93,235	-	93,235	-	-	-	-	-	93,235
Central services	299,678	12,000	281,539	(269,539)	455	450	300	150	281,839	(269,389)
Insurance	41,000	41,000	50,044	(9,044)	-	-	-	-	50,044	(9,044)
Principal and interest	17,000	6,000	-	6,000	-	-	-	-	-	6,000
Other support services	47,800	39,800	43,919	(4,119)	-	-	-	-	43,919	(4,119)
Total Support Services	3,179,514	3,199,514	3,346,351	(146,837)	134,838	133,680	124,547	9,133	3,470,898	(137,704)
<b>Total Expenditures</b>	<b>7,080,235</b>	<b>7,125,290</b>	<b>7,240,290</b>	<b>(115,000)</b>	<b>603,376</b>	<b>602,218</b>	<b>626,051</b>	<b>(23,833)</b>	<b>7,866,341</b>	<b>(138,833)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>570,341</b>	<b>525,286</b>	<b>491,195</b>	<b>(34,091)</b>	<b>(374,055)</b>	<b>(329,000)</b>	<b>(369,578)</b>	<b>(40,578)</b>	<b>121,617</b>	<b>(74,669)</b>
<b>Other Financing Sources (Uses):</b>										
Transfer to special education	(374,055)	(329,000)	(369,578)	(40,578)	-	-	-	-	(369,578)	(40,578)
Transfer from general operations	-	-	-	-	374,055	329,000	369,578	40,578	369,578	40,578
Adjustments and refunds	(2,000)	(2,000)	-	2,000	-	-	-	-	-	2,000
Transfer to debt service fund	(194,286)	(194,286)	(150,000)	44,286	-	-	-	-	(150,000)	44,286
Transfer to food service fund	-	-	(96,598)	(96,598)	-	-	-	-	(96,598)	(96,598)
<b>Total Other Financing Sources (Uses)</b>	<b>(570,341)</b>	<b>(525,286)</b>	<b>(616,176)</b>	<b>(90,890)</b>	<b>374,055</b>	<b>329,000</b>	<b>369,578</b>	<b>40,578</b>	<b>(246,598)</b>	<b>(50,312)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(124,981)</b>	<b>(124,981)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(124,981)</b>	<b>(124,981)</b>
<b>Fund Balances:</b>										
Beginning of year	1,652,741	1,652,741	1,652,741	-	-	-	-	-	1,652,741	-
End of year	\$ 1,652,741	\$ 1,652,741	\$ 1,527,760	\$ (124,981)	\$ -	\$ -	\$ -	\$ -	\$ 1,527,760	\$ (124,981)

See Notes to Required Supplementary Information.



SCHOOL DISTRICT OF OAKFIELD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET  
AND ACTUAL - DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 82,357	\$ 82,357	\$ 82,357	\$ -
Other sources	-	-	3,526	3,526
<b>Total Revenues</b>	<u>82,357</u>	<u>82,357</u>	<u>85,883</u>	<u>3,526</u>
<b>EXPENDITURES:</b>				
Support Services:				
Principal and interest	<u>301,698</u>	<u>82,357</u>	<u>232,357</u>	<u>(150,000)</u>
<b>Total Expenditures</b>	<u>301,698</u>	<u>82,357</u>	<u>232,357</u>	<u>(150,000)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(219,341)	-	(146,474)	(146,474)
<b>Other Financing Sources (Uses):</b>				
Transfer from general fund	<u>194,286</u>	<u>194,286</u>	<u>150,000</u>	<u>(44,286)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>194,286</u>	<u>194,286</u>	<u>150,000</u>	<u>(44,286)</u>
<b>Net Change in Fund Balance</b>	(25,055)	194,286	3,526	(190,760)
<b>Fund Balances:</b>				
Beginning of year	25,055	25,055	25,055	-
End of year	<u>\$ -</u>	<u>\$ 219,341</u>	<u>\$ 28,581</u>	<u>\$ (190,760)</u>

SCHOOL DISTRICT OF OAKFIELD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Other local sources	\$ -	\$ 411,112	\$ 462,920	\$ 51,808
<b>Total Revenues</b>	-	411,112	462,920	51,808
<b>EXPENDITURES:</b>				
Support Services:				
Building and grounds	-	-	316	(316)
Pupil transportation	-	-	559	(559)
Community service	-	411,112	431,119	(20,007)
<b>Total Expenditures</b>	-	411,112	431,994	(20,882)
<b>Net Change in Fund Balance</b>	-	-	30,926	30,926
<b>Fund Balances:</b>				
Beginning of year	84,930	84,930	84,930	-
End of year	\$ 84,930	\$ 84,930	\$ 115,856	\$ 30,926

SCHOOL DISTRICT OF OAKFIELD  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS\*  
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 43,717	\$ 50,945	\$ 44,018	\$ 44,018
Interest	14,784	16,152	17,415	16,722
Differences between expected and actual experience	-	(111,745)	-	-
Changes of assumptions or other inputs	(8,352)	(60,014)	25,724	-
Benefit payments	-	(15,441)	(17,801)	(66,756)
Net change in total OPEB liability	<u>50,149</u>	<u>(120,103)</u>	<u>69,356</u>	<u>(6,016)</u>
<b>Total OPEB Liability:</b>				
Beginning of year	400,537	520,640	451,284	457,300
End of year	<u>\$ 450,686</u>	<u>\$ 400,537</u>	<u>\$ 520,640</u>	<u>\$ 451,284</u>
<b>Covered-employee payroll</b>	<b>\$ 3,219,836</b>	<b>\$ 3,219,836</b>	<b>\$ 2,088,590</b>	<b>\$ 2,088,590</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>14.00%</b>	<b>12.44%</b>	<b>24.93%</b>	<b>21.61%</b>

\* This schedule is presented to illustrate the requirements to show information for 10 years. Information prior to June 30, 2016 is not available.

**SCHOOL DISTRICT OF OAKFIELD**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**WISCONSIN RETIREMENT SYSTEM - LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019 \*\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.02317857%	0.02262781%	0.02188990%	0.02191351%	0.02196444%
District's proportionate share of the net pension liability (asset)	\$ 824,620	\$ (671,846)	\$ 180,425	\$ 356,090	\$ (539,507)
District's covered-employee payroll	\$ 3,655,735	\$ 3,468,661	\$ 3,229,195	\$ 3,146,634	\$ 2,966,940
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.56%	(19.37%)	5.59%	11.32%	(18.18%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.45%	102.93%	99.12%	98.20%	102.74%

\* This schedule is presented to illustrate the requirements to show information for 10 years. Information prior to June 30, 2015 is not available.

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

**SCHOOL DISTRICT OF OAKFIELD  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM - LAST 10 FISCAL YEARS\*  
JUNE 30, 2019 \*\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 244,935	\$ 235,893	\$ 213,128	\$ 213,971	\$ 207,687
Contributions in relation to the contractually required contributions	(244,935)	(235,893)	(213,128)	(213,971)	(207,687)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,655,735	\$ 3,468,661	\$ 3,229,195	\$ 3,146,634	\$ 2,966,940
Contributions as a percentage of covered-employee payroll	6.70%	6.80%	6.60%	6.80%	7.00%

\* This schedule is presented to illustrate the requirements to show information for 10 years. Information prior to June 30, 2015 is not available.

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

SCHOOL DISTRICT OF OAKFIELD  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2019

NOTE A – SUMMARY OF OPEB CHANGES

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

*Changes of assumptions.* See methods and assumptions used to calculate actuarially determine contribution below for changes in assumption.

*Valuation date.* Actuarially determined contribution rates are calculated as of June 30, 2017.

*Methods and assumptions used to calculate actuarially determined contribution.*

	2018	2017
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Market value	Market value
Salary increases:		
Seniority/merit	0.2 - 5.6%	0.2 - 5.6%
Discount rate	3.75%	3.50%
Inflation	2.50%	2.50%

NOTE B – SUMMARY OF PENSION CHANGES

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

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

NOTE C – EXCESS OF ACTUAL EXPENDITURES

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2019:

General fund	<u>\$ 138,833</u>
Debt service fund	<u>\$ 150,000</u>
Community service fund	<u>\$ 20,882</u>

**OTHER SUPPLEMENTARY INFORMATION**

SCHOOL DISTRICT OF OAKFIELD  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019

	Long-term Capital Improvement Trust Fund	Special Revenue Fund		Total Non-major Governmental Funds
		Special Revenue Fund	Food Service Fund	
<b><u>ASSETS</u></b>				
Cash and investments	\$ 208,874	\$ 47,001	\$ 2,420	\$ 258,295
Accounts receivable	-	-	22,971	22,971
<b>Total Assets</b>	<b>\$ 208,874</b>	<b>\$ 47,001</b>	<b>\$ 25,391</b>	<b>\$ 281,266</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ -	\$ -	\$ 19,737	\$ 19,737
Total Liabilities	-	-	19,737	19,737
<b><u>DEFERRED INFLOWS</u></b>				
Unavailable revenue	-	-	5,654	5,654
<b><u>FUND BALANCES</u></b>				
Committed	208,874	-	-	208,874
Assigned	-	47,001	-	47,001
Total Fund Balances	208,874	47,001	-	255,875
<b>Total Liabilities and Fund Balances</b>	<b>\$ 208,874</b>	<b>\$ 47,001</b>	<b>\$ 25,391</b>	<b>\$ 281,266</b>



SCHOOL DISTRICT OF OAKFIELD  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2019

	Long-term Capital Improvement Trust Fund	Special Revenue Funds		Total Non-major Governmental Funds
		Special Revenue Fund	Food Service Fund	
<b>REVENUES:</b>				
Other local sources	\$ 4,742	\$ 2,338	\$ 124,067	\$ 131,147
State sources	-	-	3,898	3,898
Federal sources	-	-	75,490	75,490
<b>Total Revenues</b>	<u>4,742</u>	<u>2,338</u>	<u>203,455</u>	<u>210,535</u>
<b>EXPENDITURES:</b>				
Support Services:				
Food service	-	-	304,186	304,186
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>304,186</u>	<u>304,186</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	4,742	2,338	(100,731)	(93,651)
<b>Other Financing Sources (Uses):</b>				
Transfer from general fund	-	-	96,598	96,598
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>96,598</u>	<u>96,598</u>
<b>Net Change in Fund Balances</b>	4,742	2,338	(4,133)	2,947
<b>Fund Balances:</b>				
Beginning of year	204,132	44,663	4,133	252,928
End of year	<u>\$ 208,874</u>	<u>\$ 47,001</u>	<u>\$ -</u>	<u>\$ 255,875</u>

SCHOOL DISTRICT OF OAKFIELD  
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>ASSETS</u></b>				
Cash	\$ 92,673	\$ 372,913	\$ 355,031	\$ 110,555
<b><u>LIABILITIES</u></b>				
Due to student organizations:				
Oakfield Elementary	\$ 4,669	\$ 25,970	\$ 25,700	\$ 4,939
High School	88,004	346,943	329,331	105,616
	<u>\$ 92,673</u>	<u>\$ 372,913</u>	<u>\$ 355,031</u>	<u>\$ 110,555</u>

SCHOOL DISTRICT OF OAKFIELD  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2019

Federal or State Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA/ State Id Number	Pass- Through Entity Identifying Number	(Accrued Receivable) Deferred Revenue 7/1/2018	Grantor Reimbursements	Accrued Receivable (Deferred Revenue) 6/30/2019	Disbursements/ Expenditures	Passed Through to Subrecipients
<b>Federal Programs:</b>							
U.S. Department of Agriculture							
Passed through Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
School Breakfast Program	10.553	2019-204025-SB-546	\$ (32)	\$ 3,271	\$ -	\$ 3,239	\$ -
National School Lunch Program	10.555	2019-204025-NSL-547	(371)	72,622	-	72,251	-
Total Child Nutrition Cluster			(403)	75,893	-	75,490	-
U.S. Department of Health and Human Services							
Passed through Wisconsin Forward Health							
Medicaid Cluster							
Medical Assistance Program-School Based Services *	93.778	**	-	13,438	968	14,406	-
U.S. Department of Education							
Rural Education Achievement Program	84.358A	**	(38,717)	38,717	37,318	37,318	-
Passed through Wisconsin Department of Public Instruction							
Title I, Part A Grants to Local Education Agencies	84.010	2019-204025-TIA-141	(47,692)	72,986	24,748	50,042	-
Title II, Part A Grants to Local Education Agencies	84.367	2019-204025-TIIA-365	(11,974)	20,318	1,260	9,604	-
Special Education Cluster							
Special Education Grants to States	84.027	2019-204025-IDEA-FT-341	(134,420)	165,824	96,183	127,587	-
Student Support and Academic Enrichment Grants	84.424	2019-204025-TIVA-381	-	9,527	-	9,527	-
Special Education Preschool Grants	84.173	2019-204025-IDEA-PS-347	(2,071)	3,919	3,835	5,683	-
Total Special Education Cluster			(136,491)	179,270	100,018	142,797	-
Passed through CESA #6							
Career and Technical Education - Basic Grants to States	84.048	**	-	2,900	-	2,900	-
<b>Total Federal Awards</b>			<b>\$ (235,277)</b>	<b>\$ 403,522</b>	<b>\$ 164,312</b>	<b>\$ 332,557</b>	<b>\$ -</b>
<b>State Programs:</b>							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	255.101	204025-100	\$ -	\$ 105,859	\$ -	\$ 105,859	\$ -
State School Lunch Aid	255.102	204025-107	-	2,557	-	2,557	-
Common School Fund Library Aid	255.103	204025-104	-	21,132	-	21,132	-
General Transportation Aid	255.107	204025-102	-	12,609	-	12,609	-
Wisconsin School Day Milk Program	255.115	204025-109	-	1,012	-	1,012	-
General Equalization Aid	255.201	204025-116	(53,897)	3,438,725	57,569	3,442,397	-
Sparsity Aid	255.212	204025-162	-	206,000	-	206,000	-
School Breakfast Program	255.344	204025-108	-	329	-	329	-
Educator Effectiveness Grant	255.940	204025-154	-	-	3,840	3,840	-
Per Pupil Aid	255.945	204025-113	-	320,460	-	320,460	-
Career and Technical Education Incentive Grants	255.950	204025-152	-	7,000	-	7,000	-
Assessment of Reading Readiness	255.956	204025-166	-	968	-	968	-
Aid for Special Education Transition Grants	255.960	204025-168	-	3,000	-	3,000	-
Personal Electronic Computing Device	255.296	204025-175	-	-	4,750	4,750	-
Passed through CESA #6							
Aid for Handicap Education	255.101	**	(11,813)	14,954	-	3,141	-
Wisconsin Department of Administration							
TEACH Information Technology Infrastructure	**	**	-	-	22,816	22,816	-
Wisconsin Department of Justice							
2018 School Safety Initiative	455.206	13938	-	-	40,411	40,411	-
<b>Total State Assistance</b>			<b>\$ (65,710)</b>	<b>\$ 4,134,605</b>	<b>\$ 129,386</b>	<b>\$ 4,198,281</b>	<b>\$ -</b>

\* Cash reimbursement received during the year ended June 30, 2019 totaled \$14,406.

\*\* Information not provided

**SCHOOL DISTRICT OF OAKFIELD  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2019**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards include the federal and state grant award activity of the District under programs of the federal and state government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Wisconsin Department of Public Instruction. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

**NOTE C - INDIRECT COST RATE**

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

**NOTE D - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

The 2018 - 2019 eligible costs and estimated aid reimbursement under the State Special Education Program are \$465,783 and \$114,117, respectively.

**NOTE E - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the District had food commodities totaling \$15,746 in expenditures.



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

To the Board of Education  
School District of Oakfield  
Oakfield, 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 School District of Oakfield ("District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 26, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 summary of auditor's results that we consider to be significant deficiencies, finding 2019-001.

## Compliance and Other Matters

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

## School District of Oakfield's Response to Findings

We noted certain matters that we reported to management of the District in a separate letter dated November 26, 2019.

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

## Purpose of this Report

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

*Huberty & Associates, S.C.*

Fond du Lac, Wisconsin  
November 26, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN  
DEPARTMENT OF PUBLIC INSTRUCTION**

To the Board of Education  
School District of Oakfield  
Oakfield, Wisconsin

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

We have audited the School District of Oakfield (District)'s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2019. The District's major state programs are identified in the accompanying summary of auditors' results.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major 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 compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major State Program**

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

## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying summary of auditor's results as item 2019-001 to be a significant deficiency.

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 deficiencies, significant deficiencies, or material weaknesses. 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.

### District's Response to Findings

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying summary of auditors' results. The District's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Purpose of this Report

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 testing based on requirements of the *Wisconsin Public School District Manual*. Accordingly, this report is not suitable for any other purpose.

*Huberty & Associates, S.C.*

Fond du Lac, Wisconsin  
November 26, 2019



SCHOOL DISTRICT OF OAKFIELD  
SUMMARY OF AUDITOR'S RESULTS  
YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to the financial statements noted?	No

State Awards

Type of auditor's report issued on compliance for major state programs	Unmodified
Internal control over major state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ?	No

Identification of major state programs:

<u>State I.D. Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.201	General Equalization Aid
255.212	Sparsity Aid
255.945	Per Pupil Aid

Dollar threshold used to distinguish between Type A and Type B programs	\$250,000
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SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 - Segregation of Duties

*(Repeat finding from prior year: 2018-001)*

Criteria:

The District should segregate accounting duties, at a minimum to separate the asset and the recordkeeping function, to minimize the opportunity for misstatements caused by error or fraud to occur and go undetected within a timely period by employees in the normal course of performing their assigned functions.

SCHOOL DISTRICT OF OAKFIELD  
SUMMARY OF AUDITOR'S RESULTS  
YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS - Continued

2019-001 - Segregation of Duties - continued

**Condition:**

Due to the size of the District's office staff performing accounting functions, the District does not have adequate segregation of duties over accounting transactions. Specifically, one individual is responsible for the entire payroll process and has the ability to cut checks, print the digital signatures on the checks, and performs the bank reconciliations.

**Cause:**

A small number of individuals within the District's administration perform substantially all accounting functions and have control over both records and assets.

**Effect or Potential Effect:**

The lack of segregation of accounting duties could create an opportunity for misstatements caused by error or fraud to occur and go undetected within a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:**

Due to the size of the District, it is not practical to hire additional individuals in order to adequately segregate accounting duties; therefore, we recommend that the Administrator's and School Board's close supervision, review of accounting information and knowledge of matters relating to the District's financial operations provide an effective means of preventing and detecting errors and irregularities.

**Views of Responsible Officials and Planned Corrective Actions:**

We will continue to have a designated Administrator/Principal review monthly the bank reconciliations to include the District checkbook accounts, the Oakfield Elementary checkbook account, and the Oakfield Middle/High School checkbook account.

The Principals of each building and the District Administrator will continue to approve timecards for each pay period. The Administrator will review and approve Skyward payroll reports for each pay period.

**SCHOOL DISTRICT OF OAKFIELD  
SUMMARY OF AUDITOR'S RESULTS  
YEAR ENDED JUNE 30, 2019**

**SECTION II - FINANCIAL STATEMENT FINDINGS - Continued**

**2019-001 - Segregation of Duties - Continued**

The Board will continue to review monthly a revenue, expense, and balance sheet report. Year-to-date percentages along with over/under spent dollar amount will be indicated on such reports. Explanations for any variances will be reviewed. The Administrator will continue to review all journal entries prepared by the bookkeeper.

The District added a new position in the accounting function; Administrative Assistance and Payroll Specialist. This position is responsible for accounts payable and payroll functions. The Bookkeeper serves as a backup for these duties.

Cross training of back-up individuals will continue for all office/financial personnel.

**SECTION III - STATE PROGRAM FINDINGS**

**2019-001 - Segregation of Duties**

See finding 2019-001 in Section II - Financial Statement Findings.