

**SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

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 of Chilton's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of changes in assets and liabilities - agency funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of changes in assets and liabilities - agency funds, schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018, on our consideration of the School District of Chilton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Chilton's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
November 7, 2018

**SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF CHILTON
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 5,109,557
Receivables	
Accounts	3,043
Taxes	1,489,181
Due from other governments	224,532
Prepaid expenses	5,301
Wisconsin Retirement System net pension	1,385,841
Unconditional promise to give	648,409
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	46,510
Capital assets being depreciated	<u>23,617,586</u>
TOTAL ASSETS	<u>32,529,960</u>
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	3,762,398
Wisconsin Retirement System LRLIF	38,688
OPEB healthcare	<u>97,400</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,898,486</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>36,428,446</u>
LIABILITIES	
Accounts payable	88,854
Accrued liabilities	
Payroll, payroll taxes, insurance	1,231,955
Interest	104,838
Due to other governments	4,239
Due to student organization	134,841
Deposits payable	730
Unearned revenue	22,839
Current portion of long-term obligations	2,090,211
Noncurrent portion of long-term obligations	<u>12,864,651</u>
TOTAL LIABILITIES	<u>16,543,158</u>
DEFERRED INFLOWS OF RESOURCES	
Revenue on refunding	64,750
Wisconsin Retirement System pension	4,250,183
Wisconsin Retirement System LRLIF	4,423
OPEB healthcare	<u>8,467</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,327,823</u>
NET POSITION	
Net investment in capital assets	9,572,642
Restricted for	
Special revenue	26,618
Debt service	488,340
Capital projects	1,029,911
Other activities	898,056
Unrestricted	<u>3,541,898</u>
TOTAL NET POSITION	<u>15,557,465</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 36,428,446</u>

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF CHILTON

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 5,196,344	\$ 37,591	\$ -	\$ (5,158,753)
Vocational instruction	589,292	11,425	-	(577,867)
Special instruction	982,468	76,486	558,377	(347,605)
Other instruction	684,477	68,670	-	(615,807)
Total instruction	<u>7,452,581</u>	<u>194,172</u>	<u>558,377</u>	<u>(6,700,032)</u>
Support services				
Pupil services	452,860	-	-	(452,860)
Instructional staff services	637,197	-	60,201	(576,996)
General administration services	367,666	-	-	(367,666)
Building administration services	767,206	8,250	-	(758,956)
Business services	3,742,608	359,146	319,425	(3,064,037)
Central services	466,269	-	20,000	(446,269)
Insurance	124,251	-	-	(124,251)
Interest and other	372,039	-	-	(372,039)
Other support services	13,720	-	-	(13,720)
Community services	134,796	10,721	-	(124,075)
Total support services	<u>7,078,612</u>	<u>378,117</u>	<u>399,626</u>	<u>(6,300,869)</u>
Non-program transactions	822,186	-	-	(822,186)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 15,353,379</u>	<u>\$ 572,289</u>	<u>\$ 958,003</u>	<u>(13,823,087)</u>
General revenue				
Taxes				
Property taxes 5,498,686				
Other taxes 3,857				
State and federal aids not restricted to specific functions				
General 7,784,454				
Interest and investment earnings 52,016				
Miscellaneous 1,038,105				
Total general revenue <u>14,377,118</u>				
CHANGE IN NET POSITION 554,031				
NET POSITION - BEGINNING OF YEAR 15,251,300				
CHANGE IN ACCOUNTING PRINCIPLE (247,866)				
NET POSITION - END OF YEAR <u>\$ 15,557,465</u>				

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF CHILTON
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND	REFERENDUM APPROVED DEBT SERVICE FUND	CAPITAL EXPANSION	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 3,199,640	\$ 415,244	\$ 1,028,859	\$ 465,814	\$ 5,109,557
Receivables					
Accounts	3,043	-	-	-	3,043
Taxes	1,489,181	-	-	-	1,489,181
Due from other funds	1,514	-	-	-	1,514
Due from other governments	221,652	-	-	2,880	224,532
Prepaid expenses	5,301	-	-	-	5,301
TOTAL ASSETS	<u>4,920,331</u>	<u>415,244</u>	<u>1,028,859</u>	<u>468,694</u>	<u>6,833,128</u>
LIABILITIES					
Accounts payable	87,082	-	-	1,772	88,854
Accrued payroll liabilities	1,225,768	-	-	6,187	1,231,955
Due to other funds	-	-	-	1,514	1,514
Due to other governments	4,238	-	-	1	4,239
Due to student organization	134,841	-	-	-	134,841
Deposits payable	25	-	-	705	730
Unearned revenue	-	-	-	22,839	22,839
TOTAL LIABILITIES	<u>1,451,954</u>	<u>-</u>	<u>-</u>	<u>33,018</u>	<u>1,484,972</u>
FUND BALANCES					
Nonspendable	5,301	-	-	-	5,301
Restricted	-	415,244	1,028,859	100,766	1,544,869
Committed	-	-	-	45,152	45,152
Assigned	11,402	-	-	289,758	301,160
Unassigned	<u>3,451,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,451,674</u>
TOTAL FUND BALANCES	<u>3,468,377</u>	<u>415,244</u>	<u>1,028,859</u>	<u>435,676</u>	<u>5,348,156</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,920,331</u>	<u>\$ 415,244</u>	<u>\$ 1,028,859</u>	<u>\$ 468,694</u>	

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

Long-term receivables are not current financial resources and are not reported in the fund statements.	648,409
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:	
Governmental capital asset	\$ 45,596,900
Governmental accumulated depreciation	<u>(21,932,804)</u>
	23,664,096
Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements.	932,321
Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements.	88,933
Long-term liabilities are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:	
General obligation debt	\$ (14,026,704)
Revenue on refunding	(64,750)
Accrued interest on general obligation debt	(104,838)
WRS liability	(313,921)
Net OPEB obligation	<u>(614,237)</u>
	<u>(15,124,450)</u>
Total net position - governmental activities	<u>\$ 15,557,465</u>

The accompanying notes are an integral part of these statements.

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

	GENERAL FUND	REFERENDUM APPROVED DEBT SERVICE FUND	CAPITAL EXPANSION	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ 3,040,130	\$ 2,008,200	\$ 192,000	\$ 262,213	\$ 5,502,543
Other local sources	210,602	192,963	12,076	401,964	817,605
Interdistrict sources	884,518	-	-	12,558	897,076
Intermediate sources	125,859	-	-	-	125,859
State sources	7,920,117	-	-	16,751	7,936,868
Federal sources	468,479	-	-	281,814	750,293
Other sources	23,223	-	-	696	23,919
TOTAL REVENUES	<u>12,672,928</u>	<u>2,201,163</u>	<u>204,076</u>	<u>975,996</u>	<u>16,054,163</u>
EXPENDITURES					
Current					
Instruction					
Regular instruction	4,975,339	-	-	-	4,975,339
Vocational instruction	580,557	-	-	-	580,557
Special instruction	967,029	-	-	-	967,029
Other instruction	645,851	-	-	22,074	667,925
Total instruction	<u>7,168,776</u>	<u>-</u>	<u>-</u>	<u>22,074</u>	<u>7,190,850</u>
Support services					
Pupil services	446,577	-	-	-	446,577
Instructional staff services	604,496	-	-	8,109	612,605
General administration services	328,415	-	-	-	328,415
Building administration services	747,294	-	-	-	747,294
Business services	1,903,861	-	21,727	580,506	2,506,094
Central services	328,778	-	-	-	328,778
Insurance	124,251	-	-	-	124,251
Other support services	13,720	-	-	-	13,720
Community services	-	-	-	124,686	124,686
Total support services	<u>4,497,392</u>	<u>-</u>	<u>21,727</u>	<u>713,301</u>	<u>5,232,420</u>
Non-program transactions	822,186	-	-	-	822,186
Debt service					
Principal	-	1,890,000	-	-	1,890,000
Interest	-	328,200	-	141,150	469,350
Total debt service	<u>-</u>	<u>2,218,200</u>	<u>-</u>	<u>141,150</u>	<u>2,359,350</u>
Capital outlay	208,614	-	-	164,683	373,297
TOTAL EXPENDITURES	<u>12,696,968</u>	<u>2,218,200</u>	<u>21,727</u>	<u>1,041,208</u>	<u>15,978,103</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(24,040)	(17,037)	182,349	(65,212)	76,060
OTHER FINANCING (USES) SOURCES					
Net transfer (to) from other funds	(20,070)	-	-	20,070	-
Sale of capital assets	600	-	-	3,125	3,725
TOTAL OTHER FINANCING (USES) SOURCES	<u>(19,470)</u>	<u>-</u>	<u>-</u>	<u>23,195</u>	<u>3,725</u>
NET CHANGE IN FUND BALANCE	(43,510)	(17,037)	182,349	(42,017)	79,785
FUND BALANCE - BEGINNING OF YEAR	3,511,887	432,281	846,510	477,693	5,268,371
FUND BALANCE - END OF YEAR	<u>\$ 3,468,377</u>	<u>\$ 415,244</u>	<u>\$1,028,859</u>	<u>\$ 435,676</u>	<u>\$ 5,348,156</u>

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF CHILTON

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

Net change in fund balances - total governmental funds \$ 79,785

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 fund statements	\$ 373,297	
Less noncapitalized outlay	(248,227)	
Depreciation expense reported in the statement of activities	(1,337,687)	
Net book value of capital assets disposed	<u>(8,926)</u>	
Amount by which capital outlays are less than depreciation in the current period:		(1,221,543)

Unconditional promises to give are reported as revenue in the governmental funds when received. In the statement of activities, revenue is reported when the promise to give is received. The amount of unconditional promises to give received in the current year is: (141,552)

Wisconsin Retirement System pension asset, deferred inflows of resources, and deferred outflows of resources changes: (152,201)

Wisconsin Retirement System LRLIF asset, deferred inflows of resources, and deferred outflows of resources changes: (31,790)

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: 34,021

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.
Amount of long-term debt principal payments in the current year is: 1,890,000

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.
Amount of interest and other debt costs paid during the current period is \$ 469,350
Amount of interest and other debt costs accrued during the current period is (372,039)
Interest paid is greater than interest accrued by: 97,311

Change in net position - governmental activities \$ 554,031

SCHOOL DISTRICT OF CHILTON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>AGENCY FUND</u>	<u>TRUST FUND</u>	
	<u>STUDENT ACTIVITY</u>	<u>PRIVATE PURPOSE</u>	<u>EMPLOYEE BENEFIT</u>
ASSETS			
Cash	\$ 30,700	\$ 281,814	\$ 460,692
TOTAL ASSETS	<u><u>30,700</u></u>	<u><u>281,814</u></u>	<u><u>460,692</u></u>
 LIABILITIES			
Due to student organizations	30,700	-	-
Unearned revenue	-	-	15,691
TOTAL LIABILITIES	<u>30,700</u>	<u>-</u>	<u>15,691</u>
 NET POSITION			
Nonspendable	-	228,097	-
Net position held in trust	-	53,717	445,001
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 30,700</u></u>	<u><u>\$ 281,814</u></u>	<u><u>\$ 460,692</u></u>

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF CHILTON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018

	TRUST FUND	
	PRIVATE PURPOSE	EMPLOYEE BENEFIT
ADDITIONS		
Investment income	\$ 19,790	\$ 27,827
Contributions	7,500	147,052
TOTAL ADDITIONS	27,290	174,879
 DEDUCTIONS		
Disbursements	12,100	135,441
TOTAL DEDUCTIONS	12,100	135,441
 CHANGE IN NET POSITION	 15,190	 39,438
NET POSITION - BEGINNING OF YEAR	266,624	405,563
NET POSITION - END OF YEAR	\$ 281,814	\$ 445,001

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the School District of Chilton (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing 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 Chilton is organized as a common school district. The District, governed by a five member elected school board, operates grades K through 12 and is comprised of all or parts of nine taxing districts.

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

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

Basis Of Presentation

District-Wide Statements

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

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

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

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

The District reports the following major governmental funds:

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

Referendum Approved Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Capital Expansion Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District has three fiduciary funds which account for assets held as an agent for various student organizations, an employee benefit trust and a private purpose trust.

Measurement Focus and Basis of Accounting

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

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

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies - 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 position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

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

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

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

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

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

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

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

Prepaid Items - Prepaid items represent payments made by the District for which benefits extend beyond June 30. A nonspendable fund balance has been recognized for these non-liquid assets (prepaid items) to signify that a portion of fund balance is not available for other subsequent expenditures.

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

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

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

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are listed below. Capital assets under the capitalization threshold below are included if purchased prior to July 1, 2015.

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	25-50 years
Land improvements	\$5,000	Straight-line	20 years
Furniture and equipment	\$5,000	Straight-line	5-20 years
Computer and related technology	\$5,000	Straight-line	5 years

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

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

Vested Employee Benefits

Compensated Absences - The District's vacation and sick pay policy does not allow accumulated vacation pay benefits or accumulated sick pay benefits to vest. Unused accumulated benefits are forfeited upon retirement or termination of employment.

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

Retirement Plans - District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenditures when paid.

Post Employment Benefits - The District provides varying amounts of payment of health insurance to retired employees depending on age and years of experience. An estimate of the future benefits is recognized as a liability in the statement of net position.

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

Other Post Employment Benefits (OPEB) - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has three items that qualify for reporting in this category. They are the Wisconsin Retirement System pension, Wisconsin Retirement System local retiree life insurance fund (LRLIF), and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has four types of items, revenue on refunding, Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare which qualify for reporting in this category. Revenue on refunding arises under the accrual basis of accounting. The revenue on refunding is reported in the statement of net position and is amortized over the shorter of the life of the refunded or refunding debt. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

When net losses occur, it is the District's policy to record the net loss against committed fund balance, then assigned fund balance and lastly to unassigned fund balance (GASB 54 default for not having a policy). The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

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

NOTE 2 - Cash and Investments

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

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

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 2 - Cash and Investments - Continued

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
State of Wisconsin Investment Pool	Less than one year	\$ 382
Community Foundation	Less than one year	255,841
Certificate of deposit	More than one year	<u>1,052</u>
Total		<u>\$ 257,275</u>

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2018, the Pool's fair value was 100 percent of book value.

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

- 1) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations (level 2 inputs).
- 2) Beneficial interest in a Community Foundation fair value is determined monthly by the Foundation's Board of Directors based on published market information and appropriate valuation methodologies. (level 2 inputs)

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

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District has an investment policy that does not further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has an investment policy that does not further limit its investment choices. The State of Wisconsin Local Government Investment Pool and Community Foundation are not rated.

Custodial Credit Risk - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2018, \$4,404,201 of the District's bank balance of \$5,197,672 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S Government or municipal securities held by the bank in the bank's name. \$142,419 was uninsured and uncollateralized.

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

NOTE 3 - Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 46,510	\$ -	\$ -	\$ 46,510
Capital assets being depreciated:				
Land improvements	1,773,338	-	-	1,773,338
Buildings and improvements	38,464,078	-	-	38,464,078
Equipment	<u>5,237,555</u>	<u>125,070</u>	<u>(49,651)</u>	<u>5,312,974</u>
Total capital assets being depreciated	<u>45,474,971</u>	<u>125,070</u>	<u>(49,651)</u>	<u>45,550,390</u>
Less accumulated depreciation for:				
Land improvements	(1,242,442)	(78,513)	-	(1,320,955)
Buildings and improvements	(15,766,156)	(959,600)	-	(16,725,756)
Equipment	<u>(3,627,244)</u>	<u>(299,574)</u>	<u>40,725</u>	<u>(3,886,093)</u>
Total accumulated depreciation	<u>(20,635,842)</u>	<u>(1,337,687)</u>	<u>40,725</u>	<u>(21,932,804)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>24,839,129</u>	<u>(1,212,617)</u>	<u>(8,926)</u>	<u>23,617,586</u>
Capital assets, net of accumulated depreciation	<u>\$ 24,885,639</u>	<u>\$ (1,212,617)</u>	<u>\$ (8,926)</u>	<u>\$ 23,664,096</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 142,685
Vocational instruction	805
Instructional staff services	38,847
General administration services	4,088
Building administration services	3,751
Business services	1,108,467
Central services	39,044
Total	<u>\$ 1,337,687</u>

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

NOTE 4 - Long-Term Obligations

Long-term obligations of the District are as follows:

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 4 - Long-Term Obligations - Continued

	Beginning		Decreases	Ending		Amounts
	Balance	Increases		Balance	Due Within	
					One Year	
Bonds payable	\$ 10,165,000	\$ -	\$ (1,890,000)	\$ 8,275,000	\$ 1,945,000	
Notes payable	5,620,000	-	-	5,620,000	-	
Premium	179,515	-	(47,811)	131,704	47,811	
Wisconsin Retirement System						
Net pension liability	379,447	-	(379,447)	-	-	
LRLIF	247,866	68,036	(1,981)	313,921	-	
OPEB healthcare	631,825	88,841	(106,429)	614,237	97,400	
Total	<u>\$ 17,223,653</u>	<u>\$ 156,877</u>	<u>\$ (2,425,668)</u>	<u>\$ 14,954,862</u>	<u>\$ 2,090,211</u>	

Interest cost incurred during the year totaled \$409,039 and total interest paid during the year aggregated \$469,350.

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

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	2/17/15	2%	4/1/20	\$ 2,640,000
Bonds	11/15/10	4%	4/1/22	5,635,000
Notes	7/13/15	2.25-3%	4/1/25	5,620,000
Total				<u>\$ 13,895,000</u>

General Obligation Debt Limit Calculation - The 2017 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$525,621,262. The legal debt limit and margin of indebtedness as of June 30, 2018, in accordance with Section 67.03(1) (b) of the Wisconsin Statutes, follows:

Debt limit (10 percent of \$525,621,262)	\$ 52,562,126
Amount available in debt service fund	488,340
Deduct long-term debt applicable to debt margin	<u>(13,895,000)</u>
Margin of indebtedness	<u>\$ 39,155,466</u>

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

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 4 - Long-Term Obligations - Continued

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,945,000	\$ 419,350	\$ 2,364,350
2020	2,000,000	367,650	2,367,650
2021	2,215,000	314,350	2,529,350
2022	2,315,000	225,750	2,540,750
2023	1,760,000	135,150	1,895,150
2024-2025	<u>3,660,000</u>	<u>123,975</u>	<u>3,783,975</u>
	<u>\$13,895,000</u>	<u>\$ 1,586,225</u>	<u>\$15,481,225</u>

NOTE 5 - Wisconsin Retirement System Pension

Plan Description - The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined-benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarial-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 CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 5 - Wisconsin Retirement System Pension - 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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executive 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 \$475,132 in contributions from the employer.

Contribution rates as of June 30, 2018 are:

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

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

At June 30, 2018, the District reported a liability (asset) of \$(1,385,841) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

NOTE 5 - Wisconsin Retirement System Pension - Continued

December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.04667518%, which was a decrease of 0.00063907% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$582,581.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,760,746	\$ 823,618
Net differences between projected and actual earnings on pension plan investments	1,483,252	3,387,964
Changes in assumptions	273,816	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	38,601
Employer contributions subsequent to the measurement date	244,584	-
Total	\$ 3,762,398	\$ 4,250,183

\$244,584 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 1,406,899	\$ 1,275,516
2020	1,244,783	1,270,020
2021	446,508	926,577
2022	416,299	778,054
Thereafter	3,325	16

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

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

NOTE 5 - Wisconsin Retirement System Pension - Continued

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

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

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

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

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

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

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 5 - Wisconsin Retirement System Pension - Continued

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

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

Single Discount Rate - A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease 6.2%	Current Single Discount Rate Assumption 7.2%	1% Increase 8.2%
District's proportionate share of the net pension liability (asset)	\$ 3,585,645	\$ (1,385,841)	\$ (5,164,325)

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

Payables to the Pension Plan - The District reported a payable of \$114,399 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

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

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

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

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

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

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

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

Contribution rates as of June 30, 2017 are:

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

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

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

During the reporting period, the LRLIF recognized \$1,981 in contributions from the employer.

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

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

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

At June 30, 2018, the District reported a liability (asset) of \$313,921 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.104342%, which was an increase of .00225% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2017, the District recognized OPEB expense of \$33,943.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,423
Net differences between projected and actual earnings on OPEB plan investments	3,615	-
Changes in assumption	30,335	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,738	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 38,688	\$ 4,423

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

Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 5,549	\$ 677
2020	5,549	677
2021	5,549	677
2022	5,549	677
Thereafter	16,492	1,715

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

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

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

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

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

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

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

Single Discount Rate - A single discount rate of 3.63% was used to measure the total OPEB liability. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

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

equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

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

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
District's proportionate share of the net OPEB liability (asset)	\$ 443,690	\$ 313,921	\$ 214,337

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

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

NOTE 7 - Interfund Balances and Activity

Interfund receivable and payable balances on June 30, 2018, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Cooperative program	\$ 1,514

The above balance resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

Interfund transfers at June 30, 2018 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Cooperative program	\$ 20,070
Other capital projects	Non-referendum debt	60
		<u>\$ 20,130</u>

SCHOOL DISTRICT OF CHILTON
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2018

NOTE 7 - Interfund Balances and Activity - Continued

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

NOTE 8 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other Than Pensions

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

Benefits Provided - Superintendents at least age 55 with 5 years of service in the District and eligible for WRS will receive for each year of service contributions towards their medical and dental premiums for a period of one year, up to a maximum of 10 years. Contributions will be equal to the premiums in effect at the time of retirement for the entire duration. After reaching Medicare eligibility contributions will be applied towards cost of supplemental Medicare coverage. The retiree is responsible for premium amounts exceeding the District's contribution.

Administrators at least age 55 with 15 years of service in the District and eligible for WRS will receive contributions towards their medical and dental premiums for up to a maximum of 8 years. Contributions will be equal to 100% of the premiums not to exceed the maximum of \$17,500 per year. The retiree is responsible for premium amounts exceeding the District's contribution.

Teachers hired prior to July 1, 2013, at least age 55 with a minimum of 30 years of teaching/active military service of which 20 years must be full-time in the District will receive contributions towards their medical premiums. Contributions will be equal to 100% of the lowest single medical premium amount in effect at the time of retirement for the entire duration. The duration (in months) is determined by multiplying 50% of the retiree's unused sick leave accumulated as of July 1, 2013 (not to exceed 90 days) by a factor of 170.36 and dividing this by 100% of the lowest monthly single medical premium rate in effect upon retirement. The retiree is responsible for premium amounts exceeding the District's contribution. This benefit is not available to teachers hired July 1, 2013 or after.

Teachers at least age 55 may choose to remain on the District's group medical and dental insurance plans until Medicare eligible provided they pay 100% of the premiums.

Eligible teachers that retired prior to July 1, 2007 receive medical insurance benefits that are no longer offered to teachers.

12-month support staff hired prior to July 1, 2013, at least age 60 with a minimum of 20 years of service will receive contributions towards their medical premiums. Contributions will be equal to 100% of the lowest single medical premium amount in effect at the time of retirement for the entire duration. The duration (in months) is determined by multiplying 50% of the retiree's unused sick leave accumulated as of July 1, 2013 (not to exceed 90 days) by their daily wage rate at retirement. The retiree is responsible for premium amounts exceeding the District's contribution. This benefit is not available to 12-month support staff hired July 1, 2013 or after.

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Employees Covered - As of the June 30, 2017 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>153</u>
Total	<u>164</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2018, contribution rates for Plan members were \$0 - \$4,138 per participant per month and \$0 - \$8,117 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$45,734 and the District contributed \$83,705 to the plan.

Actuarial Assumptions - The net OPEB healthcare liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2016
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal - Level %
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	5.5%
Discount Rate:	5.5%
Salary Increases:	3%
Mortality:	Wisconsin 2012 Mortality Table
Medical Care Cost Trend:	7.5% decreasing by .5% per year to 6.5%, then by .1% per year to 5%, and level thereafter
Dental Care Cost Trend:	5%

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2016. Actuarial assumptions are based upon an experience study conducted in 2012 using Wisconsin Retirement System experience from 2009 - 2011.

The OPEB liability for June 30, 2017 is based upon an update of the liability calculated from the June 30, 2016 actuarial valuation. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of plan investment expense and inflation) developed for each major asset class. 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 CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	2.45%	47%
Fixed Income	2.46%	46%
Cash	-%	4%
Alternatives	-%	3%

Discount Rate - A discount rate of 5.5% was used to measure the total OPEB healthcare liability. This discount rate was based on the expected rate of return on plan investments of 5.5%. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability. The discount rate did not incorporate a municipal bond rate.

Changes in the Net OPEB Healthcare Liability

	Increase (Decrease)		
	Total Healthcare OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Healthcare Liability (a) - (b)
Beginning balance	\$ 1,028,343	\$ 396,518	\$ 631,825
Changes for the year:			
Service cost	43,070	-	43,070
Interest	54,816	-	54,816
Contributions - employer	-	83,705	(83,705)
Net investment income	-	31,769	(31,769)
Benefit payments	(106,429)	(106,429)	-
Net changes	(8,543)	9,045	(17,588)
Ending Balance	\$ 1,019,800	\$ 405,563	\$ 614,237

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Healthcare Cost Trend

Rate - The following presents the net OPEB healthcare liability calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent decreasing to 4 percent) or 1-percentage-point higher (8.5 percent decreasing to 6 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (6.5% decreasing to 4%)	Current Healthcare Cost Rate (7.5% decreasing to 5%)	1% Increase to Healthcare Cost Rate (8.5% decreasing to 6%)
Net OPEB healthcare liability	\$ 553,671	\$ 614,237	\$ 683,784

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the net OPEB healthcare liability calculated using the discount rate of 5.5 percent, as well as what the net OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5 percent) or 1-percentage-point higher (6.5 percent) than the current rate:

	1% Decrease to Discount Rate (4.5%)	Current Discount Rate (5.5%)	1% Increase To Discount Rate (6.5%)
Net OPEB healthcare liability	\$ 671,318	\$ 614,237	\$ 559,955

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

For the year ended June 30, 2018, the District recognized OPEB healthcare expense of \$72,500.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	8,467
Employer contributions subsequent to the measurement date	97,400	-
Total	\$ 97,400	\$ 8,467

\$97,400 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ -	\$ 2,117
2020	-	2,117
2021	-	2,117
2022	-	2,116
2023	-	-
Thereafter	\$ -	\$ -

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

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 9 - Fund Balances and Net Position

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

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepaid expenses	\$ 5,301
Restricted		
Non-referendum debt service	Principal and interest	\$ 73,096
Referendum debt service	Principal and interest	\$ 415,244
Capital expansion	DPI regulation	\$ 1,028,859
Long term capital improvement trust	DPI regulation	\$ 1,052
Special revenue trust	Donor specific expenses	\$ 26,618
Committed		
Community service	Specific expenses	\$ 21,585
Engler center	Specific expenses	\$ 23,567
Assigned		
General	Specific expenses	\$ 11,402
Food service	Specific expenses	\$ 289,758
 <u>Governmental Activities</u>		
Restricted		
Special revenue	Donor specific expenses	\$ 26,618
Debt service	DPI regulation	\$ 488,340
Capital expansion	DPI regulation	\$ 1,029,911
Other activities	Wisconsin Retirement System pension	\$ 898,056

The District has adopted a minimum fund balance policy in the amount of 20 - 25% of general fund expenditures be maintained for working capital purposes.

NOTE 10 - Risk Management

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

NOTE 11 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency No. 7 for services to be provided to the District in 2018-2019. Expected costs are \$253,732.

SCHOOL DISTRICT OF CHILTON
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2018

NOTE 11 - Commitments and Contingencies - Continued

The District has a transportation agreement with estimated costs for the following school years:

2018-2019	\$	392,179
2019-2020		392,179
2020-2021		400,043
2021-2022		407,153
		<u>\$ 1,591,554</u>

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

NOTE 12 - Limitation of School District Revenue

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

NOTE 13 - Unconditional Promises to Give

Unconditional promises to give as of June 30, 2018 are as follows:

Receivable in less than one year	\$ 185,000
Receivable in one to five years	<u>555,000</u>
Total unconditional promises to give receivable	740,000
Less discounts to net present value at 5.5%	<u>(55,591)</u>
Net unconditional promises to give receivable	<u>\$ 684,409</u>

NOTE 14 - Change in Accounting Principle

The change in accounting principle adjustment of \$247,866 on the statement of activities is due to the adoption of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities.

**SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

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

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	SPECIAL			SPECIAL			SPECIAL			
	GENERAL	EDUCATION	TOTAL	GENERAL	EDUCATION	TOTAL	GENERAL	EDUCATION	TOTAL	
REVENUES										
Property taxes	\$2,887,215	\$ -	\$2,887,215	\$3,039,273	\$ -	\$3,039,273	\$3,040,130	\$ -	\$3,040,130	\$ 857
Other local sources	242,250	-	242,250	230,850	-	230,850	210,602	-	210,602	(20,248)
Interdistrict sources	837,722	-	837,722	881,328	-	881,328	884,518	-	884,518	3,190
Intermediate sources	20,695	38,000	58,695	20,695	113,937	134,632	20,827	105,032	125,859	(8,773)
State sources	7,497,782	210,300	7,708,082	7,673,074	210,300	7,883,374	7,680,462	239,655	7,920,117	36,743
Federal sources	151,472	270,815	422,287	152,392	273,684	426,076	178,303	290,176	468,479	42,403
Other sources	25,000	-	25,000	25,000	-	25,000	23,223	-	23,223	(1,777)
TOTAL REVENUES	11,662,136	519,115	12,181,251	12,022,612	597,921	12,620,533	12,038,065	634,863	12,672,928	52,395
EXPENDITURES										
Current										
Instruction										
Regular instruction	5,109,512	-	5,109,512	4,985,558	-	4,985,558	4,975,339	-	4,975,339	10,219
Vocational instruction	551,978	-	551,978	581,744	-	581,744	580,557	-	580,557	1,187
Special instruction	-	991,926	991,926	-	930,510	930,510	-	967,029	967,029	(36,519)
Other instruction	706,799	-	706,799	693,800	-	693,800	645,851	-	645,851	47,949
Total instruction	6,368,289	991,926	7,360,215	6,261,102	930,510	7,191,612	6,201,747	967,029	7,168,776	22,836
Support services										
Pupil services	241,368	248,399	489,767	241,294	227,075	468,369	224,857	221,720	446,577	21,792
Instructional staff services	605,449	18,532	623,981	582,624	62,077	644,701	583,818	20,678	604,496	40,205
General administration services	375,306	-	375,306	383,743	-	383,743	328,415	-	328,415	55,328
Building administration services	715,462	-	715,462	759,604	-	759,604	747,294	-	747,294	12,310
Business services	1,816,918	35,700	1,852,618	1,818,819	35,700	1,854,519	1,868,576	35,285	1,903,861	(49,342)
Central services	327,377	-	327,377	324,062	-	324,062	328,778	-	328,778	(4,716)
Insurance	133,682	-	133,682	133,682	-	133,682	124,251	-	124,251	9,431
Other support services	5,232	-	5,232	5,232	-	5,232	13,720	-	13,720	(8,488)
Total support services	4,220,794	302,631	4,523,425	4,249,060	324,852	4,573,912	4,219,709	277,683	4,497,392	76,520
Non-program transactions	526,000	141,352	667,352	624,689	126,664	751,353	713,655	108,531	822,186	(70,833)
Capital outlay	230,585	-	230,585	190,485	-	190,485	208,614	-	208,614	(18,129)
TOTAL EXPENDITURES	11,345,668	1,435,909	12,781,577	11,325,336	1,382,026	12,707,362	11,343,725	1,353,243	12,696,968	10,394
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	316,468	(916,794)	(600,326)	697,276	(784,105)	(86,829)	694,340	(718,380)	(24,040)	62,789
OTHER FINANCING SOURCES (USES)										
Transfer (to) / from other funds	(913,579)	891,794	(21,785)	(805,890)	784,105	(21,785)	(738,450)	718,380	(20,070)	1,715
Sale of capital assets	-	-	-	-	-	-	600	-	600	600
TOTAL OTHER FINANCING SOURCES (USES)	(913,579)	891,794	(21,785)	(805,890)	784,105	(21,785)	(737,850)	718,380	(19,470)	2,315
NET CHANGE IN FUND BALANCE	(597,111)	(25,000)	(622,111)	(108,614)	-	(108,614)	(43,510)	-	(43,510)	65,104
FUND BALANCE - BEGINNING OF YEAR	3,511,887	-	3,511,887	3,511,887	-	3,511,887	3,511,887	-	3,511,887	-
FUND BALANCE - END OF YEAR	\$2,914,776	\$ (25,000)	\$2,889,776	\$3,403,273	\$ -	\$3,403,273	\$3,468,377	\$ -	\$3,468,377	\$ 65,104

The accompanying notes are an integral part of these statements.

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

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

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

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

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

General / Special Education	Special instruction	\$ 36,519
General / Special Education	Business services	49,342
General / Special Education	Central services	4,716
General / Special Education	Other support services	8,488
General / Special Education	Non-program transactions	70,833
General / Special Education	Capital outlay	18,129

SCHOOL DISTRICT OF CHILTON
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.04667518%	0.04603611%	0.04543718%	0.04459488%
Proportionate share of the net pension liability (asset)	\$ (1,385,841)	\$ 379,447	\$ 738,345	\$ (1,095,372)
Covered payroll	\$ 6,987,240	\$ 6,776,818	\$ 6,546,708	\$ 6,322,226
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-19.83%	5.60%	11.28%	-17.33%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.93%	99.12%	98.20%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 475,132	\$ 447,270	\$ 445,176	\$ 442,556
Contributions in relation to the contractually required contribution	(475,132)	(447,270)	(445,176)	(442,556)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,987,240	\$ 6,776,818	\$ 6,546,708	\$ 6,322,226
Contributions as a percentage of covered payroll	6.80%	6.60%	6.80%	7.00%

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

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

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

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

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

SCHOOL DISTRICT OF CHILTON

WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2018

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

	<u>2018</u>
Proportion of the net OPEB liability (asset)	0.10434200%
Proportionate share of the net OPEB liability (asset)	\$ 313,921
Covered payroll	\$ 4,387,880
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

	<u>2018</u>
Contractually required contributions	\$ 1,981
Contributions in relation to the contractually required contribution	<u>(1,981)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 4,387,880
Contributions as a percentage of covered payroll	0.05%

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

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

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

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

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

SCHOOL DISTRICT OF CHILTON
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2018

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

	<u>2018</u>	<u>2017</u>
Total OPEB Healthcare Liability		
Service cost	\$ 43,070	\$ 43,070
Interest	54,816	54,007
Benefit payments	<u>(106,429)</u>	<u>(58,285)</u>
Net Changes in Total OPEB Healthcare Liability	(8,543)	38,792
Total OPEB Healthcare Liability - Beginning	<u>1,028,343</u>	<u>989,551</u>
Total OPEB Healthcare Liability - Ending (a)	<u>\$ 1,019,800</u>	<u>\$ 1,028,343</u>
 Plan Fiduciary Net Position		
Contributions - employer	\$ 83,705	\$ 58,626
Net investment income	31,769	392
Benefit payments	<u>(106,429)</u>	<u>(58,285)</u>
Net Changes in Plan Fiduciary Net Position	9,045	733
Plan Fiduciary Net Position - Beginning	<u>396,518</u>	<u>395,785</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 405,563</u>	<u>\$ 396,518</u>
 Net OPEB Healthcare Liability - Ending (a) - (b)	<u>\$ 614,237</u>	<u>\$ 631,825</u>
 Plan fiduciary net position as a percentage of the total OPEB Healthcare liability	39.77%	38.56%
 Covered payroll	\$ 5,012,280	\$ 5,012,280
 Net OPEB Healthcare liability as a percentage of covered payroll	12.25%	12.61%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 88,912	\$ 113,790
Contributions in relation to the actuarially determined contributions	<u>(83,705)</u>	<u>(58,626)</u>
Contribution deficiency (excess)	<u>\$ 5,207</u>	<u>\$ 55,164</u>
 Covered payroll	\$ 5,012,280	\$ 5,012,280
 Contributions as a percentage of covered payroll	1.67%	1.17%
 Actuarial valuation date	6/30/2016	6/30/2016
Measurement date	6/30/2017	6/30/2016

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 preceding years.

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

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 30 year level %, fair market value asset valuation, 5.5% discount rate, 3% salary increases, Wisconsin 2012 mortality table.

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

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

**SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN**

**OTHER
SUPPLEMENTARY INFORMATION**

SCHOOL DISTRICT OF CHILTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	SPECIAL REVENUE FUNDS					NON-REFERENDUM DEBT SERVICE	LONG TERM	OTHER	TOTAL
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	ENGLER CENTER	COOPERATIVE PROGRAM		CAPITAL IMPROVEMENT TRUST	CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS
ASSETS									
Cash and investments	\$ 26,618	\$ 314,212	\$ 27,269	\$ 23,567	\$ -	\$ 73,096	\$ 1,052	\$ -	\$ 465,814
Due from other governments	-	-	-	-	2,880	-	-	-	2,880
TOTAL ASSETS	26,618	314,212	27,269	23,567	2,880	73,096	1,052	-	468,694
LIABILITIES									
Accounts payable	-	-	407	-	1,365	-	-	-	1,772
Accrued payroll liabilities	-	1,615	4,572	-	-	-	-	-	6,187
Due to other funds	-	-	-	-	1,514	-	-	-	1,514
Due to other governments	-	-	-	-	1	-	-	-	1
Deposits payable	-	-	705	-	-	-	-	-	705
Unearned revenue	-	22,839	-	-	-	-	-	-	22,839
TOTAL LIABILITIES	-	24,454	5,684	-	2,880	-	-	-	33,018
FUND BALANCES									
Restricted	26,618	-	-	-	-	73,096	1,052	-	100,766
Committed	-	-	21,585	23,567	-	-	-	-	45,152
Assigned	-	289,758	-	-	-	-	-	-	289,758
TOTAL FUND BALANCES	26,618	289,758	21,585	23,567	-	73,096	1,052	-	435,676
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,618	\$ 314,212	\$ 27,269	\$ 23,567	\$ 2,880	\$ 73,096	\$ 1,052	\$ -	\$ 468,694

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

	SPECIAL REVENUE FUNDS					NON-REFERENDUM DEBT SERVICE	LONG TERM	OTHER	TOTAL
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	ENGLER CENTER	COOPERATIVE PROGRAM		CAPITAL IMPROVEMENT TRUST	CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS
REVENUES									
Property taxes	\$ -	\$ -	\$ 99,700	\$21,363	\$ -	\$ 141,150	\$ -	\$ -	\$ 262,213
Other local sources	26,618	363,501	10,721	-	-	660	18	446	401,964
Interdistrict	-	-	-	-	12,558	-	-	-	12,558
State sources	-	8,642	-	-	8,109	-	-	-	16,751
Federal sources	-	281,814	-	-	-	-	-	-	281,814
Other sources	-	696	-	-	-	-	-	-	696
TOTAL REVENUES	26,618	654,653	110,421	21,363	20,667	141,810	18	446	975,996
EXPENDITURES									
Current									
Instruction									
Other instruction	-	-	-	-	22,074	-	-	-	22,074
Support service									
Instructional staff services	-	-	-	-	8,109	-	-	-	8,109
Business services	-	564,889	5,063	-	10,554	-	-	-	580,506
Community services	-	-	99,205	25,481	-	-	-	-	124,686
Total support services	-	564,889	104,268	25,481	18,663	-	-	-	713,301
Debt service									
Interest	-	-	-	-	-	141,150	-	-	141,150
Capital outlay	-	114,190	8,943	-	-	-	-	41,550	164,683
TOTAL EXPENDITURES	-	679,079	113,211	25,481	40,737	141,150	-	41,550	1,041,208
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,618	(24,426)	(2,790)	(4,118)	(20,070)	660	18	(41,104)	(65,212)
OTHER FINANCING SOURCES									
Net transfer (to) from other funds	-	-	-	-	20,070	60	-	(60)	20,070
Sale of capital assets	-	3,125	-	-	-	-	-	-	3,125
TOTAL OTHER FINANCING SOURCES	-	3,125	-	-	20,070	60	-	(60)	23,195
NET CHANGE IN FUND BALANCE	26,618	(21,301)	(2,790)	(4,118)	-	720	18	(41,164)	(42,017)
FUND BALANCES - BEGINNING OF YEAR	-	311,059	24,375	27,685	-	72,376	1,034	41,164	477,693
FUND BALANCES - END OF YEAR	\$26,618	\$ 289,758	\$ 21,585	\$23,567	\$ -	\$ 73,096	\$ 1,052	\$ -	\$ 435,676

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

	BALANCE JULY 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
ASSETS				
Cash and investments	\$ 34,654	\$ 43,811	\$ (47,765)	\$ 30,700
TOTAL ASSETS	<u>34,654</u>	<u>43,811</u>	<u>(47,765)</u>	<u>30,700</u>
LIABILITIES				
Due to student organizations Middle / High	34,654	43,811	(47,765)	30,700
TOTAL LIABILITIES	<u>\$ 34,654</u>	<u>\$ 43,811</u>	<u>\$ (47,765)</u>	<u>\$ 30,700</u>

SCHOOL DISTRICT OF CHILTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Awarding Agency Pass-Through Agency Award Description	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED RECEIVABLE (UNEARNED REVENUE) JULY 1, 2017	REVENUES GRANTOR REIMBURSE- MENTS	EXPENDITURES	ACCRUED RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2018	SUBRECIPIENT PASS-THROUGH EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
School Breakfast Program		10.553						
July 1, 2017 - June 30, 2018	2018-081085-SB-546		N/A	\$ -	\$ 54,958	\$ 54,958	\$ -	\$ -
Food Distribution		10.555						
July 1, 2017 - June 30, 2018	None		N/A	-	44,117	44,117	-	-
National School Lunch Program		10.555						
July 1, 2017 - June 30, 2018	2018-081085-NSL-547		N/A	-	182,739	182,739	-	-
Total Child Nutrition Cluster				-	281,814	281,814	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				-	281,814	281,814	-	-
U.S. DEPARTMENT OF EDUCATION								
Wisconsin Department of Public Instruction								
Title IA - Grants to Local Educational Agencies		84.010						
July 1, 2017 - June 30, 2018	2018-081085-Title I-141		\$ 115,819	-	115,456	115,820	364	-
Title II-A - Supporting Effective Instruction State Grant		84.367						
July 1, 2017 - June 30, 2018	2018-081085-Title II-365		24,247	-	23,181	24,247	1,066	-
Special Education - Grants to States (IDEA Part B)		84.027						
July 1, 2017 - June 30, 2018	2018-081085-IDEA-341		264,068	-	214,049	259,829	45,780	-
Special Education - Preschool Grants (IDEA Part B)		84.173						
July 1, 2017 - June 30, 2018	2018-081085-Pre-S-347		10,183	-	10,183	10,183	-	-
Total Special Education Cluster				-	224,232	270,012	45,780	-
Title III-A - Immigrant State Grants		84.365						
July 1, 2017 - June 30, 2018	2018-081085-Title III A-391		14,390	-	11,358	14,390	3,032	-
Cooperative Educational Service Agency No. 6		84.048						
Career and Technical Education - Basic Grants to States								
July 1, 2017 - June 30, 2018	None		N/A	-	4,000	4,000	-	-
Student Support and Academic Enrichment		84.424						
July 1, 2017 - June 30, 2018	2018-081085-Title IV-A-381		10,000	-	-	10,000	10,000	-
TOTAL U.S. DEPARTMENT OF EDUCATION				-	378,227	438,469	60,242	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
Medical Assistance		93.778						
July 1, 2017 - June 30, 2018	None		N/A	-	34,009	34,009	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				-	34,009	34,009	-	-
TOTAL FEDERAL AWARDS				\$ -	\$ 694,050	\$ 754,292	\$ 60,242	\$ -

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF CHILTON
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2017	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2018	SUBRECIPIENT PASS-THROUGH EXPENDITURES
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	081085-100	255.101	\$ -	\$ 268,201	\$ 268,201	\$ -	\$ -
State School Lunch Aid	081085-107	255.102	-	6,026	6,026	-	-
Common School Fund Library Aid	081085-104	255.103	-	52,092	52,092	-	-
General Transportation Aid	081085-102	255.107	-	28,969	28,969	-	-
Equalization Aid	081085-116	255.201	117,328	7,031,575	7,033,982	119,735	-
School Breakfast Program	081085-108	255.344	-	2,616	2,616	-	-
Educator Effectiveness Evaluation System	081085-154	255.940	-	7,600	7,600	-	-
Per Pupil Aid	081085-113	255.945	-	497,700	497,700	-	-
Career and Technical Education Incentive	081085-151	255.950	-	9,502	9,502	-	-
Assessment of Reading Readiness	081085-166	255.956	-	2,136	2,136	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			<u>117,328</u>	<u>7,906,417</u>	<u>7,908,824</u>	<u>119,735</u>	<u>-</u>
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
Cooperative Educational Services Agency No. 6							
Youth Apprenticeship Grant	None	445.112	-	-	2,750	2,750	-
WISCONSIN DEPARTMENT OF ADMINISTRATION							
New Holstein/Random Lake School Districts							
Technology for Educational Achievement (TEACH)	None	None	757	5,986	8,109	2,880	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Payment in Lieu of Taxes							
	None	None	-	29,153	29,153	-	-
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid							
	None	None	19,048	19,048	19,328	19,328	-
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 137,133</u>	<u>\$ 7,960,604</u>	<u>\$ 7,968,164</u>	<u>\$ 144,693</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF CHILTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1 - Basis of Presentation

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

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Special Education and School Age Parents Program

2017-2018 eligible costs under the State Special Education Program are \$980,744.

NOTE 4 - Food Distribution Program

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

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN**

OTHER REPORTS



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

To the Board of Education
School District of Chilton
Chilton, 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 Chilton as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District of Chilton's basic financial statements and have issued our report thereon dated November 7, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, 2018-001 and 2018-002 described in the accompanying summary of audit results that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District of Chilton'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 Chilton's Responses to Findings

The School District of Chilton's responses to the findings identified in our audit are described in the accompanying summary of audit results. The School District of Chilton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin

November 7, 2018



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

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District of Chilton's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District of Chilton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
November 7, 2018

SCHOOL DISTRICT OF CHILTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
 Material weakness identified? Yes No
 Significant deficiency(ies) identified not
 considered to be material weaknesses? Yes No
 Noncompliance material to the financial
 statements? Yes No

Federal Awards

Internal control over financial reporting:
 Material weakness identified? Yes No
 Significant deficiency(ies) identified not
 considered to be material weaknesses? Yes None reported

Type of auditors' report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required to
 be reported in accordance with Uniform
 Guidance? Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.556/10.559	Child Nutrition Cluster
84.367	Title II-A Support Effective Instruction State Grants

State Assistance

Internal control over financial reporting:
 Material weakness identified? Yes No
 Significant deficiency(ies) identified not
 considered to be material weaknesses? Yes None reported

Type of auditors' report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required to
 be reported in accordance with *State*
Single Audit Guidelines? Yes No

SCHOOL DISTRICT OF CHILTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2018

Questioned Costs: Not applicable.

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

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

Information: Isolated instance.

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

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

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

Section III - Federal and State Award Findings and Questioned Costs

None

Chilton Public Schools

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Susan Kaphingst, Superintendent
Dawn Bartel, Administrative Assistant

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

Summary Schedule of Prior Audit Findings

2017-001 Segregation of Duties - Repeat. Initially occurred 6/30/12.

2017-002 Preparation of Financial Statements - Repeat. Initially occurred 6/30/11.

2017-003 Significant Audit Adjustments - Resolved. Initially occurred 6/30/15.

Corrective Action Plan

2018-001 - Segregation of Duties - Contact: Mandy Potratz, Business Manager. Completion date: N/A. The segregation of duties weakness is impractical to completely correct due to the limited resources and staff available to our District. We will continue to use other controls, where practical, to compensate for this limitation.

2018-002 - Preparation of Financial Statements - Contact: Mandy Potratz, Business Manager. Completion date: N/A. Due to the complexities of governmental reporting in accordance with GAAP, i.e. financial statements and related disclosure reporting, District management has weighed the cost benefit of training current staff or hiring a Certified Public Accountant on staff for the purposes of preparing the external financial statements in accordance with GAAP. District management has concluded to outsource the preparation of the external financial statements and related disclosures to their certified public accounting firm, which is an acceptable practice according to *Government Auditing Standards*. District management will review and approve the externally prepared financial statements.