

AGENDA

SCHOOL DISTRICT OF NEW GLARUS

BUDGET COMMITTEE MEETING

MONDAY, DECEMBER 14, 2020

**HIGH SCHOOL LIBRARY/MEDIA CENTER, ROOM 183 JOIN ZOOM MEETING USING
LINK**

**HTTPS://US02WEB.ZOOM.US/J/83094162005?PWD=BGPOTUO1DKRJRHHZM3FJ
LOH3TU01ZZ09 OR BY PHONE USING 1-646-568-7788 MEETING ID 830 9416 2005**

& PASSWORD 276704

1701 2ND STREET

NEW GLARUS, WISCONSIN 53574

6:30 PM

- I. **Call to Order - Travis Zimmerman, Chair**
- II. **Baird - Borrowing Capacity for Potential Referendum** **2**

School District of New Glarus

Referendum Financing Discussion

BUDGET MEETING
DECEMBER 14, 2020

BAIRD

100
YEARS

2

Baird Public Finance

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Managing Director
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Historical Interest Rate Trend



Referendum Financing Considerations



- Mill Rate Management

- The District has been levying additional funds for referendum debt payments to stabilize the overall mill rate.
- The prepayment of debt has resulted in interest cost savings for the District and its taxpayers.

- Repayment Structure

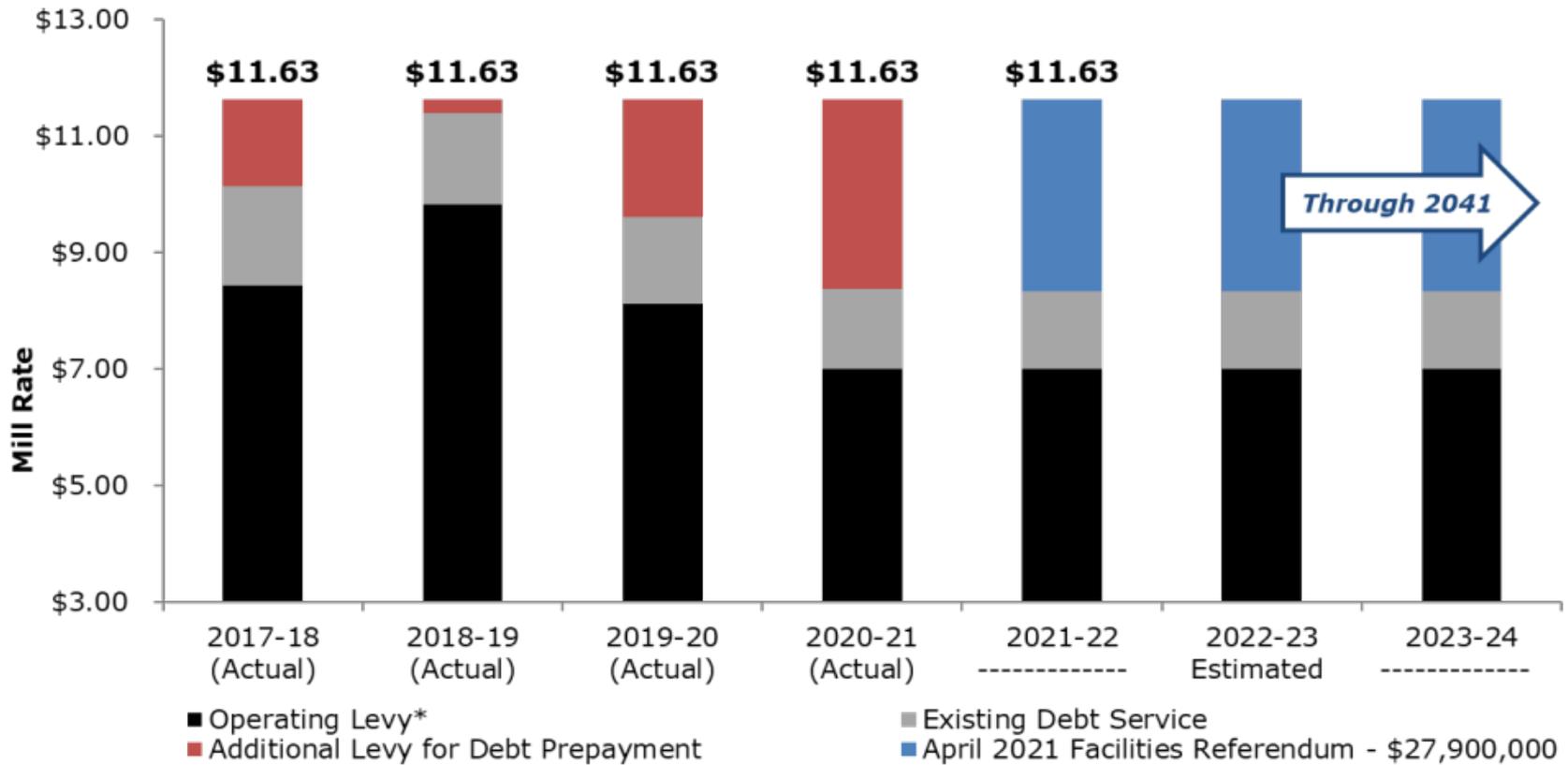
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- Assumes 20-year repayment period at conservative interest rates of 3.00-3.75%.
- Debt payments are structured around existing debt, targeting level aggregate debt payments.

- Tax Impact

- Because the District has managed their overall mill rate, \$27,900,000 of debt could be added without an increase over the 2020-21 mill rate for debt.

Mill Rate – Historical and Projected



5

*Includes Fund 10, Fund 38, & Fund 80. Includes \$1,200,000 non-recurring referendum in 2018-19 and \$500,000 recurring referendum beginning 2019-20 and thereafter

Notes:

Mill rate based on 2020 Equalized Valuations (TID-OUT) \$537,824,348 with annual growth of 2.00% in 2021, 1.00% in 2022, and 0.00% thereafter.
 Planning estimates only. Significant changes in market conditions will require adjustments to current financing illustration. If interest rates move higher, the interest cost will be higher.

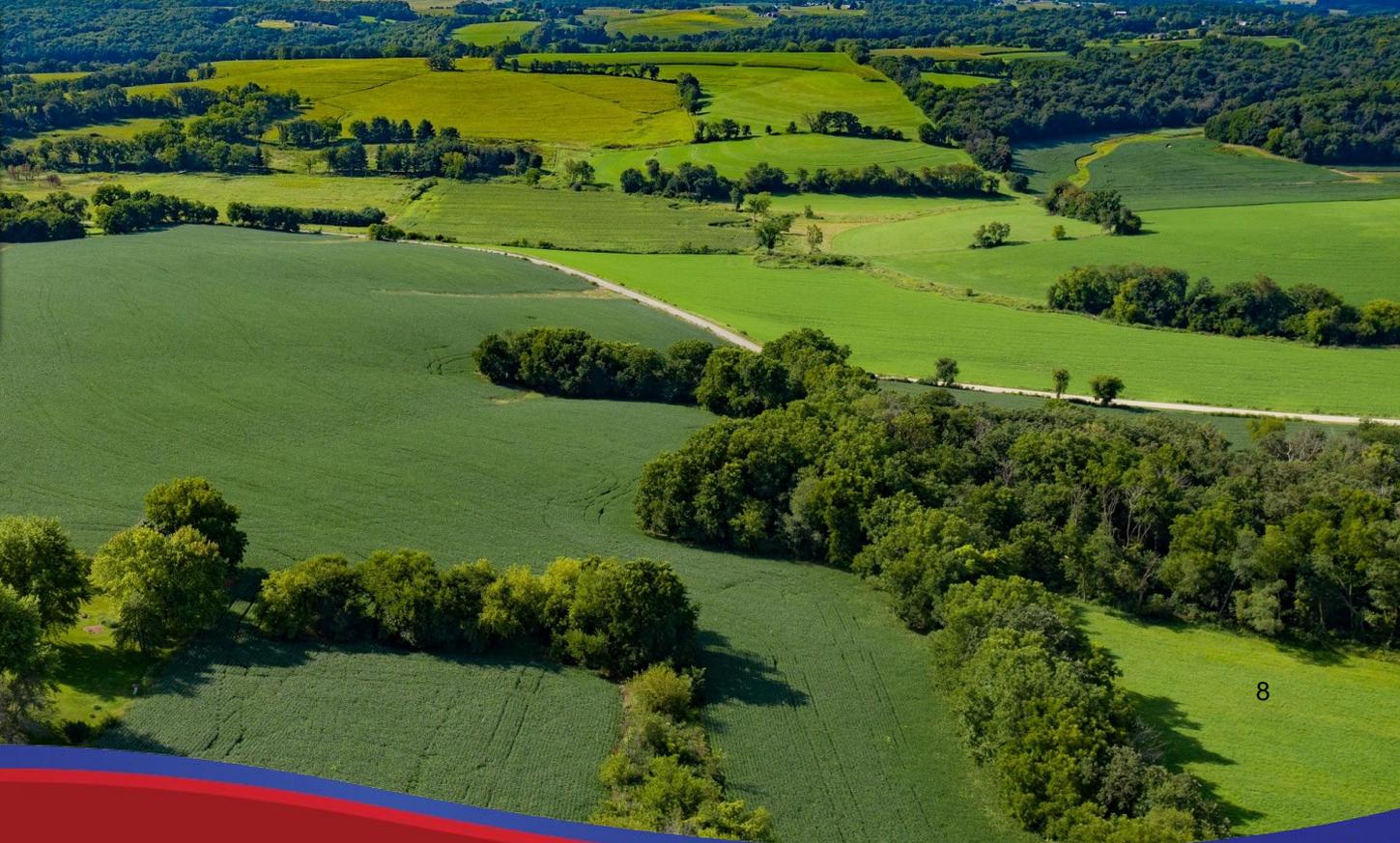
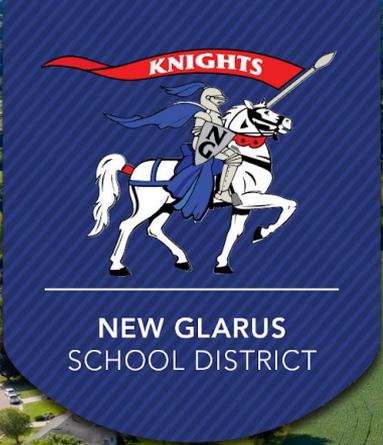
Referendum Financing Plan Detail



LEVY YEAR	YEAR DUE	EXISTING FUND 39 DEBT SERVICE (A)	\$17,900,000 G.O. BONDS (B) Dated July 1, 2021 (First interest 4/1/22)		\$10,000,000 G.O. PROMISSORY NOTES Dated April 1, 2022 (First interest 4/1/23)		STABILIZATION FUND (C)	FUND 39 DEBT LEVY EXISTING PLUS NEW	STATE AID IMPACT OVER BASE (D)	COMBINED COST (Factoring Aid)	COMBINED MILL RATE (E)	YEAR DUE
			PRINCIPAL (4/1)	INTEREST (4/1 & 10/1) AVG= 3.75%	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1) AVG= 3.00%						
2020	2021	\$734,014					\$1,749,400	Actual Levy \$2,483,414	\$0	\$2,483,414	\$4.62	2021
2021	2022	\$730,801	\$1,725,000	\$806,719			(\$730,801)	\$2,531,719	\$0	\$2,531,719	\$4.62	2022
2022	2023	\$733,938		\$606,563	\$1,500,000		(\$733,938)	\$2,534,063	(\$188,406)	\$2,345,657	\$4.23	2023
2023	2024	\$732,363		\$606,563	\$1,240,000		(\$284,661)	\$2,530,664	(\$221,861)	\$2,308,803	\$4.17	2024
2024	2025	\$734,619		\$606,563	\$990,000			\$2,534,131	(\$166,667)	\$2,367,465	\$4.27	2025
2025	2026	\$730,988		\$606,563	\$1,020,000			\$2,530,350	(\$115,447)	\$2,414,903	\$4.36	2026
2026	2027	\$732,113		\$606,563	\$1,050,000			\$2,530,425	(\$114,863)	\$2,415,562	\$4.36	2027
2027	2028	\$732,200		\$606,563	\$1,085,000			\$2,533,488	(\$114,985)	\$2,418,502	\$4.37	2028
2028	2029	\$731,050		\$606,563	\$1,120,000			\$2,534,263	(\$115,792)	\$2,418,471	\$4.36	2029
2029	2030	\$732,900		\$606,563	\$1,150,000			\$2,532,063	(\$116,089)	\$2,415,973	\$4.36	2030
2030	2031	\$732,800	\$340,000	\$600,188	\$845,000			\$2,530,663	(\$116,071)	\$2,414,591	\$4.36	2031
2031	2032	\$732,100	\$755,000	\$579,656				\$2,066,756	(\$116,197)	\$1,950,559	\$3.52	2032
2032	2033	\$730,800	\$785,000	\$550,781				\$2,066,581	(\$31,747)	\$2,034,834	\$3.67	2033
2033	2034		\$1,560,000	\$506,813				\$2,066,813	(\$31,871)	\$2,034,941	\$3.67	2034
2034	2035		\$1,620,000	\$447,188				\$2,067,188	(\$32,586)	\$2,034,602	\$3.67	2035
2035	2036		\$1,685,000	\$385,219				\$2,070,219	(\$32,856)	\$2,037,363	\$3.68	2036
2036	2037		\$1,745,000	\$320,906				\$2,065,906	(\$33,622)	\$2,032,284	\$3.67	2037
2037	2038		\$1,815,000	\$254,156				\$2,069,156	(\$33,048)	\$2,036,109	\$3.67	2038
2038	2039		\$1,885,000	\$184,781				\$2,069,781	(\$33,870)	\$2,035,911	\$3.67	2039
2039	2040		\$1,955,000	\$112,781				\$2,067,781	(\$34,219)	\$2,033,562	\$3.67	2040
2040	2041		\$2,030,000	\$38,063				\$2,068,063	(\$34,095)	\$2,033,967	\$3.67	2041
2041	2042							\$0	(\$34,399)	(\$34,399)		2042
2042	2043											2043
		\$9,520,684	\$17,900,000	\$9,639,750	\$10,000,000	\$1,423,050	\$0	\$48,483,484	(\$1,718,691)	\$46,764,793	IMPACT= \$0.00 (F)	

- (A) Net of QSCB Subsidy; assumes subsidy reduced by 5.9% in 2020 and 5.7% 2021-2022 (Sequestration).
- (B) May be preceded by Bond Anticipation Notes.
- (C) Additional levy to stabilize the District's mill rate. It's assumed that the District will use these additional funds to offset future Fund 39 levies.
- (D) State aid based on incremental expenditure change vs. base year (Fiscal Year 2019-20) at the following aid level (2020-21 Oct. 15 Certification):
Tertiary Aid Percentage..... 18.03%
- (E) Mill rate based on 2019 & 2020 Equalized Valuations (TID-OUT) of \$510,932,046 & \$537,824,348, respectively, with annual growth of 2.00% in 2021, 1.00% in 2022, and 0.00% thereafter.
- (F) Impact represents the hypothetical change in mill rate for referendum approved debt service over the preliminary 2020-21 rate of \$4.62.

Note: Planning estimates only. Significant changes in market conditions will require adjustments to current financing illustration. If interest rates move higher, the interest cost will be higher.



December 14, 2020

NGSD Budget Committee REFERENDUM BUDGET UPDATE

Findorff

CARING ABOUT *kids* FROM THE GROUND UP

BUDGET SUMMARY **IS:**

- Based on conceptual scope
- Consistent with costs on similar projects
- Inclusive of inflation
- Assuming bidding starts in 2022
- Comprehensive total project costs
(materials, installation, fees, bond, contingencies, etc.)

BUDGET SUMMARY **IS NOT:**

- Final construction estimates
- Based on a defined scope of work / final designs
- Detailed estimate
- Inclusive of operational costs

Key:

1. New Primary School
2. Hard and soft playground
3. Bus parking
4. Bus drop - off
5. Secure main entrance
6. Parent drop - off
7. Parking Lot
8. Future Addition (if needed)





BUDGET SUMMARY - PRIMARY SCHOOL

BUILDING COSTS

○ Foundations	\$ 1,424,000
○ Enclosures	\$ 5,997,000
○ Interiors	\$ 3,959,000
○ MEPs (HVAC, Electrical, Plumbing)	\$ 5,222,000
○ Furnishings	\$ 1,116,000

BUDGET SUMMARY - PRIMARY SCHOOL

SITework COSTS

○ Earthwork	\$ 998,000
○ Paving/Walks	\$ 1,244,000
○ Site Amenities/Furnishings	\$ 482,000
○ Landscaping	\$ 234,000
○ Utilities/Stormwater	\$ 824,000

BUDGET SUMMARY - PRIMARY SCHOOL

SITE OVERVIEW

- Additional earthwork volume accounted for
- Dual site entry points included
- Multi-story foundations for $\frac{1}{3}$ of the building square footage
- Exterior wall facings per partial below grade and 2 story bldg
- Elevator included

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BUDGET SUMMARY - PRIMARY SCHOOL

Building Costs	\$ 17,718,000
Sitework Costs	\$ 3,782,000
<hr/>	
TOTAL Construction Costs	\$ 21,500,000
TOTAL Construction Costs	\$ 21,500,000
Owner Soft Costs	\$ 4,400,000
<hr/>	
TOTAL Project Budget	\$ 25,900,000

BUDGET SUMMARY - BASE PLAN

New Primary School	\$ 25,900,000
Renovate Elementary School	\$ 600,000
Renovate/Expand the STEAM area at the Middle/High School	\$ 1,100,000



NEW GLARUS SCHOOL DISTRICT

Financial Statements With
Independent Auditor's Report

For the Year Ended June 30, 2020

**NEW GLARUS SCHOOL DISTRICT
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For the Year Ended June 30, 2020

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NEW GLARUS SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
New Glarus School District
New Glarus, 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 New Glarus School District ("District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof 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 to the financial statements, effective July 1, 2019, the District adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Wisconsin Department of Public Instruction in the Wisconsin Public School District Audit Manual and are also not a required part of the basic financial statements.



The other supplemental information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 other supplemental 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*

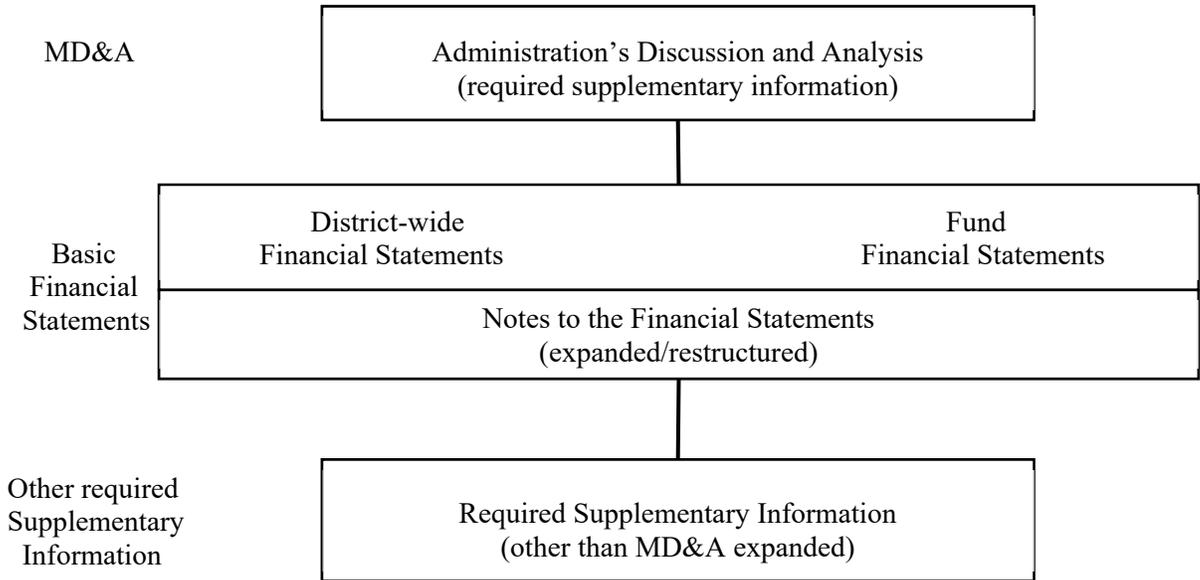
In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 26, 2020

**NEW GLARUS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

New Glarus School District's (the District) Administration discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments and is intended to provide the financial results for the fiscal year ending June 30, 2020.



As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: District Wide Financial Statements and Fund Financial Statements.

District Wide Financial Statements

The District wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

**NEW GLARUS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Fund Financial Statements

The fund statements are similar to financial presentations with the focus on the District's Major Funds rather than fund types. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Fund types include the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund, and Fiduciary Funds. The General Fund is used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal distributions and grants and other intergovernmental revenues. The Special Revenue Funds are comprised of the Special Revenue, Food Service and the Community Service funds. The Capital Projects Fund is used to account for any construction projects in progress in the District. The Debt Service Fund is used to record the funding and payment of principal and interest on bonded debt. The Fiduciary Fund accounts for assets held by the District in a trustee capacity or as an agent for the employee benefits trust.

**NEW GLARUS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Financial Analysis of the District as a Whole

**Table 1
Summary of Net Position**

	2020	2019
Assets		
Current Assets	\$ 5,418,129	\$ 5,409,861
Capital Assets	\$ 36,482,794	\$ 35,919,783
Less Accumulated Depreciation	(13,252,945)	(12,595,230)
Capital Assets, net book value	\$ 23,229,849	\$ 23,324,553
Restricted Assets	\$ 1,273,181	\$ -
Total Assets	\$ 29,921,159	\$ 28,734,414
Deferred Outflows of Resources		
Deferred Pension and OPEB Outflows	\$ 3,041,389	\$ 3,728,492
Liabilities		
Current Liabilities	\$ 2,048,471	\$ 2,100,967
Long-term Liabilities	8,650,216	11,246,751
Total Liabilities	\$ 10,698,687	\$ 13,347,718
Deferred Inflows of Resources		
Deferred Pension and OPEB Inflows	\$ 3,868,845	\$ 1,968,722
Total Deferred Inflows of Resources	\$ 3,868,845	\$ 1,968,722
Net Position		
Net Investment in Capital Assets	\$ 14,609,182	\$ 13,378,383
Restricted	720,410	627,361
Unrestricted	3,065,424	3,140,722
Total Net Position	\$ 18,395,016	\$ 17,146,466

As indicated by the statement above, total net position is \$18,395,016. Net position can be separated into the following categories: capital assets net of related debt, restricted, and unrestricted.

Net capital assets are a combination of funds available for capital assets, plus capital assets at original cost less accumulated depreciation and related debt. The original cost of capital assets is \$36,482,794, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$13,252,945. Most capital asset acquisitions are financed through long-term debt. Primarily, long-term debt is repaid as the debt service comes due through property taxes approved by the voters. Total related long-term debt is \$8,398,680.

**NEW GLARUS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Financial Analysis of the District as a Whole (Continued)

Net position of \$107,511 is restricted for debt service, \$243,792 is restricted for the special revenue fund, \$205,001 is restricted for capital projects, \$138,128 is restricted for food service, \$13,722 is restricted for the common school fund carryover, and \$12,256 is restricted for community service. The remaining balance of \$3,065,424 is unrestricted. The unrestricted fund balance is an accumulation of prior years' operating results. This balance is directly affected each year by the District's operating results.

**Table 2
Results of Operations**

	2020		2019	
	Amount	% of Total	Amount	% of Total
Program Revenues:				
Charges for Service	\$ 443,972	2.9%	\$ 481,389	3.3%
Operating Grants and Contributions	1,696,669	11.1%	1,504,456	10.4%
Total Program Revenues	<u>2,140,641</u>	<u>14.0%</u>	<u>1,985,845</u>	<u>13.7%</u>
General Revenues:				
Property Taxes - general purposes	4,161,578	27.3%	4,763,172	32.9%
Property Taxes - debt purposes	1,788,693	11.7%	871,465	6.0%
State of Wisconsin Aid - unrestricted	6,892,714	45.2%	6,623,394	45.7%
Other	254,946	1.7%	237,258	1.6%
Total General Revenues	<u>13,097,931</u>	<u>86.0%</u>	<u>12,495,289</u>	<u>86.3%</u>
Total Revenues	<u>15,238,572</u>	<u>100.0%</u>	<u>14,481,134</u>	<u>100.0%</u>
Expenses:				
Instruction	7,353,840	52.4%	7,317,901	53.8%
Support Services	4,873,623	34.7%	4,809,662	35.3%
Community Services	748	0.0%	1,359	0.0%
Non-Program Services	515,395	3.7%	322,024	2.4%
Interest on Debt	309,853	2.2%	233,336	1.7%
Depreciation-unallocated	981,791	7.0%	925,747	6.8%
Total Expenses	<u>14,035,250</u>	<u>100.0%</u>	<u>13,610,029</u>	<u>100.0%</u>
Increase (Decrease) in Net Position				
Before Special Items	1,203,322		871,105	
Special Items -				
Gain (Loss) on Disposal	<u>45,228</u>		<u>(21,678)</u>	
Change in Net Position	<u>\$ 1,248,550</u>		<u>\$ 849,427</u>	

As indicated above net position increased \$1,248,550.

**NEW GLARUS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Financial Aspects of the District's Funds

The general fund had a net increase in fund balance of \$2,861. The increase was mainly due from savings of anticipated expenditures and from unanticipated donations, miscellaneous revenues and grants.

The capital projects fund had a net increase in fund balance of \$205,001. This increase was due to a transfer of funds from the general fund to create a capital improvement fund.

The debt service fund had a net decrease in fund balance of \$204,895. The fund balance decrease was due to additional funds for the prepayment of debt.

The special revenue fund had a net increase in fund balance of \$14,639. The District received more in donations versus outgoing expenditures. Additionally, with the implementation of GASB Standard No.84, student activity and scholarship trust funds were reclassified from fiduciary funds to the special revenue fund.

The food service fund had a net increase in fund balance of \$71,428. The increase was due to decreased food service costs from COVID-19-related school closures and increased meal participation from families which led to higher federal reimbursements.

The community service fund had a net decrease in fund balance of \$748. The fund balance of the community service fund will fluctuate each year.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020 and 2019, the District had \$36,482,794 and \$35,919,783 invested in a broad range of capital assets, including land, buildings, furniture and equipment, respectively.

	2020	2019
Assets		
Land	\$ 1,561,935	\$ 1,561,935
Buildings	27,489,645	27,452,895
Furniture and Equipment	7,431,214	6,904,953
Subtotal	36,482,794	35,919,783
Less Accumulated Depreciation	(13,252,945)	(12,595,230)
	\$ 23,229,849	\$ 23,324,553

There was a net increase in capital assets of \$563,011 from last year. Depreciation expense for the year was \$1,098,353.

Debt

At the end of this year, the District had \$8,040,000 in general obligation bonds and notes outstanding. This is a net decrease of \$1,649,992. The net decrease is a result of scheduled principal payments of debt and a cash defeasance.

**NEW GLARUS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Factors Bearing on the District's Future

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

- Student Enrollment
- Health Insurance Costs
- Funding from the State of Wisconsin
- Energy Costs
- COVID-19

Original vs. Revised Budget

Per State Statute 120.13(33) during the period between July 1 and the final adoption of a budget by the school board after the budget hearing under s.65.90, spend money as needed to meet the immediate expenses of operating and maintaining the public instruction in the school district.

The District may amend its budget during the school year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tammy Marty, Business Manager, School District of New Glarus, 1701 Second St., New Glarus, Wisconsin 53574.

BASIC FINANCIAL STATEMENTS

**New Glarus School District
New Glarus, Wisconsin**

**Statement of Net Position
June 30, 2020**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments	\$ 3,566,472
Receivables:	
Taxes	1,628,867
Accounts	17,826
Due from Other Governments	190,623
Prepays	3,267
Inventories	11,074
Total Current Assets	5,418,129
Capital Assets:	
Land	1,561,935
Depreciable Assets	34,920,859
Less: Accumulated depreciation	(13,252,945)
Net Capital Assets	23,229,849
Restricted Assets:	
Restricted Cash and Investments	5,001
Net Pension Asset - WRS	1,268,180
Total Restricted Assets	1,273,181
Total Assets	29,921,159
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows - WRS	2,792,712
Deferred Pension Outflows - Supplemental Pension	93,631
Deferred Other Post-Employment Benefit Outflows - Life Insurance	155,046
Total Deferred Outflows of Resources	3,041,389
Total Assets and Deferred Outflows of Resources	\$ 32,962,548
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 137,889
Accrued Liabilities:	
Payroll and Related Items	1,186,960
Interest	56,841
Deposits - Food Service Receipts	34,292
Current Portion of Long-Term Obligations	632,489
Total Current Liabilities	2,048,471
Noncurrent Liabilities:	
Noncurrent Portion of Long-Term Obligations	8,283,295
Net Pension Liability - Supplemental Pension	63,512
Net Other Post-Employment Benefit Liability - Life Insurance	303,409
Total Noncurrent Liabilities	8,650,216
Total Liabilities	10,698,687
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Inflows - WRS	3,798,019
Deferred Pension Inflows - Supplemental Pension	23,861
Deferred Other Post-Employment Benefit Inflows - Life Insurance	46,965
Total Deferred Inflows of Resources	3,868,845
NET POSITION	
Net Investment in Capital Assets	14,609,182
Restricted for:	
Capital Projects Fund	205,001
Debt Service Fund	107,511
Special Revenue Fund - Nonexpendable	10,000
Special Revenue Fund - Expendable	233,792
Common School Fund Carryover	13,722
Food Service Fund	138,128
Community Service Fund	12,256
Unrestricted	3,065,424
Total Net Position	18,395,016
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 32,962,548

**New Glarus School District
New Glarus, Wisconsin**

**Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
Instruction				
Undifferentiated Curriculum	\$ 2,350,481	\$ 6,753	\$ 2,493	\$ (2,341,235)
Regular Curriculum	2,855,809	65,339	703,123	(2,087,347)
Vocational Instruction	356,244	76	-	(356,168)
Physical Curriculum	252,038	-	-	(252,038)
Special Instruction	1,203,865	-	450,634	(753,231)
Co-Curricular Activities	315,400	6,250	-	(309,150)
Other Special Needs	20,003	-	-	(20,003)
Total Instruction	7,353,840	78,418	1,156,250	(6,119,172)
Support Services				
Pupil Services	374,382	-	851	(373,531)
Instructional Staff Service	1,012,572	-	97,412	(915,160)
General Administration	432,816	-	-	(432,816)
Building Administration	697,102	-	-	(697,102)
Business Services	1,321,571	-	23,766	(1,297,805)
Central Services	147,284	-	1,218	(146,066)
Insurance and Judgments	111,998	58,570	-	(53,428)
Interest	309,853	-	-	(309,853)
Other Support Services	283,938	-	-	(283,938)
Food Service	492,708	306,984	253,883	68,159
Unallocated Depreciation	981,791	-	-	(981,791)
Total Support Services	6,166,015	365,554	377,130	(5,423,331)
Non-Program Services				
Post-Secondary Scholarships	788	-	-	788
Other Non-Program Services	514,607	-	163,289	(351,318)
Total Non-Program	515,395	-	163,289	(352,106)
Total Governmental Activities	\$ 14,035,250	\$ 443,972	\$ 1,696,669	(11,894,609)

General Revenues:

Taxes:	
Property Taxes, Levied for General Purposes	4,161,578
Property Taxes, Levied for Debt Service	1,788,693
Federal and State Aid not Restricted to Specific Purpose	6,892,714
Interest and Investment Earnings	24,426
Miscellaneous	230,520
Total General Revenues	13,097,931
Special Item - Gain (loss) on Disposal	45,228
Change in Net Position	1,248,550
Net Position - beginning, as previously reported	17,094,712
Prior period adjustment - implementation of GASB Statement No. 84	51,754
Net Position - beginning, as restated	17,146,466
Net Position - ending	\$ 18,395,016

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

**Balance Sheet
Governmental Funds
June 30, 2020**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 2,994,537	\$ 164,827	\$ 407,108	\$ 3,566,472
Restricted Cash and Investments	-	-	5,001	5,001
Receivables:				
Taxes	1,628,867	-	-	1,628,867
Accounts	6,823	-	1,232	8,055
Other	-	-	9,771	9,771
Due from Other Funds	10,515	-	208,080	218,595
Due from Other Governments	158,208	-	32,415	190,623
Inventories	-	-	11,074	11,074
Prepaid Expenses	3,267	-	-	3,267
Total Assets	<u>\$ 4,802,217</u>	<u>\$ 164,827</u>	<u>\$ 674,681</u>	<u>\$ 5,641,725</u>
LIABILITIES				
Accounts Payable	\$ 121,824	\$ -	\$ 16,065	\$ 137,889
Accrued Liabilities	1,182,927	-	4,033	1,186,960
Due to Other Funds	208,080	475	10,040	218,595
Deposits	-	-	34,292	34,292
Total Liabilities	<u>1,512,831</u>	<u>475</u>	<u>64,430</u>	<u>1,577,736</u>
FUND BALANCES				
Nonspendable	3,267	-	21,074	24,341
Restricted	13,722	164,352	589,177	767,251
Unassigned	3,272,397	-	-	3,272,397
Total Fund Balances	<u>3,289,386</u>	<u>164,352</u>	<u>610,251</u>	<u>4,063,989</u>
Total Liabilities and Fund Balances	<u>\$ 4,802,217</u>	<u>\$ 164,827</u>	<u>\$ 674,681</u>	<u>\$ 5,641,725</u>

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2020**

Total fund balance, governmental funds	\$	4,063,989
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
		23,229,849
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
Unamortized premium on bond issuance		(221,987)
<p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.</p>		
		1,268,180
<p>Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension expense on the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.</p>		
Deferred outflows of resources		3,041,389
Deferred inflows of resources		(3,868,845)
<p>Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
G.O. Debt Obligations		(8,040,000)
Capital Leases		(358,680)
Accrued Interest on Long-Term Debt		(56,841)
Compensated Absences		(295,117)
Net Pension Liability - Supplemental Pension		(63,512)
Net Other Post-Employment Benefit Liability - Life Insurance		(303,409)
		(12,457,366)
Net Position of Governmental Activities in the Statement of Net Position	\$	18,395,016

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020**

	General Fund	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local	\$ 4,265,453	\$ 1,797,763	\$ 475,616	\$ 6,538,832
Interdistrict	969,538	-	-	969,538
Intermediate	1,805	-	-	1,805
State	7,042,106	-	7,799	7,049,905
Federal	345,816	-	242,390	588,206
Other	165,702	54,551	1	220,254
Total Revenues	<u>12,790,420</u>	<u>1,852,314</u>	<u>725,806</u>	<u>15,368,540</u>
EXPENDITURES				
Current Expenditures				
Instruction				
Undifferentiated Curriculum	2,333,382	-	262	2,333,644
Regular Instruction	2,845,841	-	2,160	2,848,001
Vocational Instruction	351,555	-	-	351,555
Physical Instruction	250,632	-	-	250,632
Special Instruction	1,195,445	-	-	1,195,445
Co-Curricular Instruction	184,621	-	130,387	315,008
Other Special Needs	3,751	-	-	3,751
Total Instruction	<u>7,165,227</u>	<u>-</u>	<u>132,809</u>	<u>7,298,036</u>
Support Services				
Pupil Services	359,054	-	12,540	371,594
Instructional Staff Services	750,346	-	-	750,346
General Administration Services	430,056	-	-	430,056
Building Administration Services	691,179	-	-	691,179
Business Services	1,312,983	-	8,499	1,321,482
Central Services	68,500	-	-	68,500
Insurance and Judgments	111,998	-	-	111,998
Other Support Services	309,799	-	-	309,799
Food Service	-	-	485,850	485,850
Total Support Services	<u>4,033,915</u>	<u>-</u>	<u>506,889</u>	<u>4,540,804</u>
Non-Program Services	514,607	-	788	515,395
Total Current Expenditures	<u>11,713,749</u>	<u>-</u>	<u>640,486</u>	<u>12,354,235</u>
Principal and Interest	97,072	2,053,563	-	2,150,635
Capital Outlay	1,231,136	-	-	1,231,136
Total Expenditures	<u>13,041,957</u>	<u>2,053,563</u>	<u>640,486</u>	<u>15,736,006</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(251,537)</u>	<u>(201,249)</u>	<u>85,320</u>	<u>(367,466)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,646	-	205,000	208,646
Transfers Out	(205,000)	(3,646)	-	(208,646)
Capital Lease Proceeds	455,752	-	-	455,752
Total Other Financing Sources (Uses)	<u>254,398</u>	<u>(3,646)</u>	<u>205,000</u>	<u>455,752</u>
Net Change in Fund Balances	<u>2,861</u>	<u>(204,895)</u>	<u>290,320</u>	<u>88,286</u>
Fund Balances - Beginning, as previously reported	3,286,525	369,247	268,177	3,923,949
Prior period adjustment - implementation of GASB Statement No. 84	-	-	51,754	51,754
Fund Balances - Beginning, as restated	<u>3,286,525</u>	<u>369,247</u>	<u>319,931</u>	<u>3,975,703</u>
Fund Balances - Ending	<u>\$ 3,289,386</u>	<u>\$ 164,352</u>	<u>\$ 610,251</u>	<u>\$ 4,063,989</u>

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020**

Net change in fund balances - total governmental funds: \$ 88,286

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays (\$1,033,834) were less than depreciation (\$1,098,353) in the current period. (64,519)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

The amount of long-term debt principal payments in the current year is: 1,649,992

The amount of capital lease principal payments in the current year is: 97,072

Debt incurred in the governmental funds is reported as revenue or as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

The amount of capital lease proceeds in the current year. (455,752)

Amortization of debt premium 34,191

Loss on disposal of capital assets (30,185)

Vested employee benefits, OPEB, and the supplemental pension liability are reported in the governmental funds when amounts are paid. The Statement of Activities reports values of benefits earned during the year.

Change in OPEB - group life insurance plan liability and related deferred outflows and inflows of resources (27,414)

Change in supplemental pension liability and related deferred outflows and inflows of resources (3,776)

Change in compensated absences (4,167)

In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities interest is reported as incurred.

Interest paid is greater (less) than interest accrued by 4,976

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset/liability from the prior year to the current year, with some adjustments.

This is the amount of current year required contributions (\$458,059) into the WRS defined benefit pension plan that were greater than the actuarially determined (\$417,908) change in net pension asset/liability between years, with adjustments. (40,151)

Rounding (3)

Change in net position of governmental activities \$ 1,248,550

New Glarus School District
New Glarus, Wisconsin

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Benefit Trust</u> <u>Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 387,532
Total Assets	<u>\$ 387,532</u>
NET POSITION	
Restricted	\$ 387,532
Total Net Position	<u>\$ 387,532</u>

See accompanying notes to the financial statements.

New Glarus School District
New Glarus, Wisconsin

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	<u>Benefit Trust</u> <u>Fund</u>	<u>Scholarship</u> <u>Funds</u>	<u>Total</u>
ADDITIONS			
Contributions	\$ 22,616	\$ -	\$ 22,616
Investment Earnings, Net of Investment Expense	19,026	-	19,026
Total Additions	<u>41,642</u>	<u>-</u>	<u>41,642</u>
DEDUCTIONS			
Support Services	1,618	-	1,618
Benefits Paid	6,927	-	6,927
Total Deductions	<u>8,545</u>	<u>-</u>	<u>8,545</u>
Change in Net Position	<u>33,097</u>	<u>-</u>	<u>33,097</u>
Net Position - Beginning, as previously reported	354,435	14,904	369,339
Prior period adjustment - implementation of GASB Statement No. 84	-	(14,904)	(14,904)
Net position - Beginning, as restated	<u>354,435</u>	<u>-</u>	<u>354,435</u>
Net Position - Ending	<u>\$ 387,532</u>	<u>\$ -</u>	<u>\$ 387,532</u>

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See accompanying notes to the financial statements.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

A. Introduction

The New Glarus School District (the "District") is organized as a common school district. The District, governed by a seven-member elected school board, operates grades Pre-Kindergarten through 12 and is comprised of all or part of nine taxing districts.

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

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

C. 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 non-exchange transactions. The District does not report any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and 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.

D. 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.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

D. Fund Financial Statements (Continued)

The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Funds are organized as major funds or non-major funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

The District reports the following major governmental funds:

General Fund – The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The District accounts for fiduciary activities for supplemental pension benefits in an employee benefit trust fund.

The District also has the following non-major funds

- Community Service Fund
- Food Service
- Special Revenue
- Capital Projects

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

E. 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. 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. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 when paid. 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.

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, deferred inflows of resources is removed from the balance sheet and revenue is recognized.

The accrual basis of accounting is used for nonexpendable trust funds. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

F. Property Tax Levy

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to the comprising municipalities based on the immediate past October 1st full or “equalized” taxable property values. 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 31st, and the final payment no later than the following July 31st. On or before January 15th, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

G. Deposits and Investments

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

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

Donations to the District for scholarships are considered trust funds and are invested as the donor specifies. In the absence of specific directions, the District may invest donated items in accordance with laws applicable to trust investments.

The District has adopted an investment policy which permits all investments allowed under state statutes.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

H. Accounts Receivable

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

I. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

Non-spendable net assets (inventories and prepaid items) have been recognized to signify that a portion of net assets is not available for other subsequent expenditures.

J. Capital Assets

Capital assets are valued at historical cost or estimated historical cost. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Donated assets are reported at acquisition value at the time received. Property and equipment and related depreciation expense are not reflected in the governmental fund financial statements.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building	\$ 5,000	Straight-line	50 years
Building improvements	5,000	Straight-line	50 years
Site 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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

K. Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of notes, bonds, capital leases, or loans payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

Principal and interest on long-term debt is recognized when due.

L. Accumulated Unpaid Vacation and Sick Pay

Compensated Absences

Sick leave for Teachers hired before July 1, 2013 will accumulate up to a maximum of 200 sick leave days. Upon retirement, if the member has completed 10 years of full-time service with the District and who is eligible for retirement under the Wisconsin Retirement System will be credited with up to 200 accumulated sick leave days at the rate of pay of \$90 per day not to exceed \$18,000.

Sick leave for all eligible staff hired on or after July 1, 2013 will accumulate to a maximum of 90 days but is not eligible for a payout.

Accumulated vacation and personal days for all eligible staff are allowed to be carried-over up to five days each year.

Supplemental Pension

See Note 7b for additional information.

M. Pensions

The District participates in the Wisconsin Retirement System. See Note 7a for additional information.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources 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.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

N. Other Post Employment Benefits

Group life insurance plan

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.

See Note 8 for additional information.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period 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.

In addition to liabilities, the statement of net position will sometime report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The District has three items that qualify for reporting in this category.

P. Estimates

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

Q. Net Position

Net position represents the difference between assets and deferred outflows of resources and 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.

When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, then unrestricted resources, as they are needed.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

R. Fund Balances – Governmental Funds

The District previously implemented GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. In the fund statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form (i.e., convertible to cash) or are legally or contractually required to be maintained intact. \$14,341 of the amount reported as nonspendable at June 30, 2020 is nonspendable in form. The remaining balance of \$10,000 is legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to policies enacted by the Board of Education, the District's highest level of decision making authority. Commitments may only be rescinded through the same type of action employed to previously commit the amounts.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Board of Education has delegated authority to assign fund balance for a specific purpose to the Business Manager.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Board of Education recognizes the need to maintain an operating reserve in the general fund to 1) to hold adequate working capital to meet cash flow needs during the fiscal year, 2) to reduce the need for short term borrowing, 3) to serve as a safeguard for unanticipated district expenditures and 4) to show fiscal responsibility to maintain a high credit rating which will help reduce future borrowing costs.

Any excess of revenues and other financing sources over expenditures and other financing uses at the end of the fiscal year will be added to the District fund balance. The District will strive to maintain a general fund balance of not less than 15% of the subsequent year's operational expenditures. If the District, as of June month-end of a given fiscal year, shows an operating fund balance below 15% of the subsequent year's budget, the Board of Education will take proactive actions to increase the fund balance to 15%.

The District's long-term goal for fund balance is to achieve and maintain a general fund balance that will alleviate the need for short-term borrowing to meet operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e., damages). The general fund balance shall not be used for recurring costs in the operating budget.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

R. Fund Balances – Governmental Funds (Continued)

The Board may, from time to time, commit fund balance to a specific purpose. Such actions shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by a majority vote of the Board.

The Board authorizes and directs the Business Manager to assign the fund balance to the extent such assignment does not create a negative unassigned fund balance as follows:

- An amount sufficient to liquidate open encumbrances that are reasonably expected to result in an expenditure in the subsequent year.
- An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.

S. Change in Accounting Principle

Effective July 1, 2019, the District adopted GASB Statement No. 84, Fiduciary Activities. GASB No. 84 establishes criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources.

In accordance with GASB No. 84 guidance, effective July 1, 2019, operations of student activity accounts and scholarship accounts began to be reported as governmental activities. Prior to implementation of GASB No. 84, these operations were reported as fiduciary activities. Prior period adjustments were recorded as of July 1, 2019 to increase governmental activities net position and governmental fund balances on the statement of net position and statement of revenues, expenditures, and changes in fund balances – governmental funds. Fiduciary net position was decreased in the statement of changes in fiduciary net position for scholarship accounts that are now being reported as governmental activities.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

S. Change in Accounting Principle (Continued)

Effective July 1, 2019, prior period adjustments have been recorded in the fund statements as follows:

	Governmental Fund	Fiduciary Fund	Total Net Position/ Fund Balance impact on related funds
	Special Revenue Fund	Private Purpose Trust	
	<u> </u>	<u> </u>	<u> </u>
Net position/fund balance, as previously reported	\$ 177,399	\$ 14,904	\$ 192,303
Cumulative effect for change in accounting principle (GASB No. 84)			
Reclassify pupil organization accounts	36,850	-	36,850
Reclassify scholarship accounts	14,904	(14,904)	-
Net increase (decrease)	<u>51,754</u>	<u>(14,904)</u>	<u>36,850</u>
Net position/fund balance, as restated	<u>\$ 229,153</u>	<u>\$ -</u>	<u>\$ 229,153</u>

The pupil organization accounts were reported as an agency fund in prior years and did not have net position. As of June 30, 2019, the \$36,850 of scholarship accounts were reported as liabilities.

Effective July 1, 2019, prior period adjustments have been recorded in the statement of activities as follows:

	Governmental Activities
	<u> </u>
Net position, as previously reported	\$ 17,094,712
Cumulative effect for change in accounting principle (GASB No. 84)	
Reclassify scholarship accounts	51,754
Net increase (decrease)	<u>51,754</u>
Net position, as restated	<u>\$ 17,146,466</u>

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories:

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

3. Cash and Investments

For all the District's cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and the carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2020 balances. This means that the District's risk and exposure could be higher at these times.

Deposits

The District's deposits and investments at June 30, 2020 were comprised of the following:

<u>Depository:</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Associated Risk</u>
Local Financial Institutions	\$ 3,570,848	\$ 3,725,417	Custodial credit risk
Petty Cash	625	625	
Other Cash and Investments			
Equity Investments	189,424	189,424	Interest rate risk, credit risk, and custodial credit risk
Fixed Income Investments	186,063	186,063	Interest rate risk, credit risk, and custodial credit risk
Cash Equivalent Investments	12,045	12,045	Custodial credit risk
Total June 30, 2020	<u>\$ 3,959,005</u>	<u>\$ 4,113,574</u>	

A reconciliation of cash and investments as shown on the statements is as follows:

Reconciliation to financial statements	
Per statement of net position	
Cash and Investments	\$ 3,566,472
Restricted Cash and Investments	5,001
Per statement of fiduciary net position	
Cash and Cash Equivalents	387,532
Total	<u>\$ 3,959,005</u>

Investments Authorized by Wisconsin State Statutes

Investment of District funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

3. Cash and Investments (Continued)

Investments Authorized by Wisconsin State Statutes (Continued)

- Securities of an open-end management company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts dealer.
- Bonds issued by the Wisconsin Aerospace Authority.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District does not have an investment policy that addresses interest rate risk.

As of June 30, 2020, the District had the following investments and maturities:

Investment Type	Credit Quality	Fair Value	Investment Maturities (In Years)			
			Less than 1	1-5	6-10	More than 10
Equity - Exchange Traded Funds	Not Rated	\$ 189,424	\$ 189,424	\$ -	\$ -	\$ -
Fixed Income - Exchange Traded Funds	Varies-AAA to BB	186,063	-	77,685	108,378	-
		<u>\$ 375,487</u>	<u>\$ 189,424</u>	<u>\$ 77,685</u>	<u>\$ 108,378</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. Quality ratings available are noted in the table above.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

3. Cash and Investments (Continued)

Custodial Credit Risk

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

Deposits in each local and area bank are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for all time and savings accounts and \$250,000 for all demand accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. Deposits maintained at investment institutions are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. The District had no uninsured investment balances as of June 30, 2020.

As of June 30, 2020, the District's deposits with financial institutions were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 502,932
Insured by irrevocable letter of credit*	\$ 3,222,485

*The District's irrevocable letter of credit is \$4,000,000.

4. Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

4. Fair Value Measurement (Continued)

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

	Assets at Fair Value as of June 30, 2020	
	Fair Value	Level 1
Equity - Exchange Traded Funds	\$ 189,424	\$ 189,424
Fixed Income - Exchange Traded Funds	186,063	186,063
Totals	\$ 375,487	\$ 375,487

5. Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being depreciated				
Sites (land)	\$ 1,561,935	\$ -	\$ -	\$ 1,561,935
Total Capital Assets not being depreciated	1,561,935	-	-	1,561,935
Capital Assets being depreciated				
Buildings and improvements	27,452,895	36,750	-	27,489,645
Furniture and equipment	6,904,953	997,084	(470,823)	7,431,214
Total Capital Assets being depreciated	34,357,848	1,033,834	(470,823)	34,920,859
Less Accumulated Depreciation	(12,595,230)	(1,098,353)	440,638	(13,252,945)
Total Capital Assets being depreciated, net of accumulated depreciation	21,762,618	(64,519)	(30,185)	21,667,914
Governmental activities Capital Assets, net of accumulated depreciation	\$ 23,324,553	\$ (64,519)	\$ (30,185)	\$ 23,229,849

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

5. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 11,518
Vocational instruction	3,001
Special education instruction	147
Other instruction	15,092
Pupil services	293
Instructional staff services	706
Building administration	93
Business services	120
Central services	78,784
Food services	6,808
Depreciation not charged to a specific function	981,791
Total depreciation for governmental activities	<u>\$ 1,098,353</u>

6. Long-term Obligations

Long-term obligation balances and activity for the year ended June 30, 2020 were as follows:

<u>General Obligation Debt</u>	Beginning Balance	Additions	Reductions	Defeasance	Ending Balance	Amount Due Within One Year
Governmental Activities						
G.O. Bonds	\$ 8,165,000	\$ -	\$ 55,000	\$ (1,045,000)	\$ 7,065,000	\$ 65,000
G.O. Notes	830,000	-	470,000	-	360,000	360,000
Notes from Direct Borrowings	694,992	-	79,992	-	615,000	120,000
Total Governmental Activities						
General Obligation Debt	9,689,992	-	604,992	(1,045,000)	8,040,000	545,000
Premium on Debt	256,178	-	34,191	-	221,987	-
Capital Leases	-	455,752	97,072	-	358,680	87,489
Compensated Absences	290,950	4,167	-	-	295,117	-
Total Long-Term Obligations	<u>\$ 10,237,120</u>	<u>\$ 459,919</u>	<u>\$ 736,255</u>	<u>\$ (1,045,000)</u>	<u>\$ 8,915,784</u>	<u>\$ 632,489</u>

Total interest paid and accrued during the year was as follows:

	<u>Expense</u>	<u>Paid</u>
Interest on Long-Term Debt	<u>\$ 375,792</u>	<u>\$ 388,438</u>

The compensated absences liability is paid out of the general fund.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

6. Long-term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2020 is comprised of the following individual issues:

Description	Issue Dates	Interest Rate %	Dates of Maturity	Balance 6/30/2020	Due Within One Year
GO School Improvement Bonds	3/5/2012	2.0-2.65%	4/1/2029	\$ 3,860,000	\$ -
GO QSCB Promissory Notes	4/2/2012	4.07%	4/1/2022	615,000	120,000
GO Promissory Notes	6/28/2012	3.0-3.5%	4/1/2021	360,000	360,000
GO Refunding Bonds	5/18/2016	2.0-3.0%	4/1/2033	3,205,000	65,000
Total General Obligation Debt				<u>\$ 8,040,000</u>	<u>\$ 545,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2020 are as follows:

Year Ended June 30,	G.O. Bonds and Notes			Notes from Direct Borrowings		
	Principal	Interest	Interest Subsidy	Principal	Interest	Interest Subsidy
2021	\$ 425,000	\$ 210,213	\$ (23,554)	\$ 120,000	\$ 25,030	\$ -
2022	55,000	180,638	(23,554)	495,000	25,030	-
2023	560,000	179,538	-	-	-	-
2024	570,000	168,338	-	-	-	-
2025	585,000	156,388	-	-	-	-
2026-2030	3,130,000	569,176	-	-	-	-
2031-2033	2,100,000	127,198	-	-	-	-
Totals	<u>\$ 7,425,000</u>	<u>\$ 1,591,489</u>	<u>\$ (47,108)</u>	<u>\$ 615,000</u>	<u>\$ 50,060</u>	<u>\$ -</u>

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$527,770,646. The legal debt limit and margin of indebtedness as of June 30, 2020, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt Limit (10% of \$527,770,646)	\$ 52,777,065
Deduct long-term debt applicable to debt margin	<u>8,040,000</u>
Margin of indebtedness	<u>\$ 44,737,065</u>

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

6. Long-term Obligations (Continued)

Cash Defeasances

The District issued general obligation bonds in 2012. In 2013, 2014, and 2016, the District deposited cash into an irrevocable trust to purchase securities for the purpose of generating resources for future debt service payments of the general obligation bonds. As a result, a portion of the general obligation bonds are considered to be defeased and the liability has been removed from the governmental activities on the statement of net position. No economic gain resulted from the cash defeasance. The total of the defeased debt outstanding at June 30, 2020 is \$645,000. The entire amount of defeased debt will be called on the April 1, 2022 early redemption date.

Additionally, the District issued general obligation refunding bonds in 2016. In 2017, 2018, and 2020, the District deposited cash into an irrevocable trust to purchase securities for the purpose of generating resources for future debt service payments of the general obligation bonds. As a result, a portion of the general obligation bonds are considered to be defeased and the liability has been removed from the governmental activities on the statement of net position. No economic gain resulted from the cash defeasance. The total of the defeased debt outstanding at June 30, 2020 is \$2,300,000. The entire amount of defeased debt will be called on the April 1, 2024 early redemption date.

Capital Leases

The District acquired certain capital assets through leases/purchase agreements. The gross amount of these assets under the capital leases is \$455,752. The future minimum lease payments as of June 30, 2020 are as follows:

Year Ended June 30,	
2021	\$ 97,072
2022	97,072
2023	97,072
2024	<u>97,072</u>
Total minimum lease payments	388,288
Less: Amount representing interest	<u>29,608</u>
Present value of net minimum lease payments	<u><u>\$ 358,680</u></u>

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans

7a) Defined Benefit Pension Plan – Wisconsin Retirement System

General Information about the Pension Plan

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

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7a) Defined Benefit Pension Plan – Wisconsin Retirement System (Continued)

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 (%)
2010	(1.3%)	22%
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

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

During the reporting period, the WRS recognized \$417,908 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7a) Defined Benefit Pension Plan – Wisconsin Retirement System (Continued)

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

At June 30, 2020, the District reported a liability (asset) of (\$1,268,180) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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, 2019, the District’s proportion was 0.03933006%, which was an increase of 0.00044122% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$479,445.

At June 30, 2020, 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	\$ 2,407,296	\$ (1,204,690)
Changes of assumptions	98,824	-
Net difference between projected and actual earnings on pension plan investments	-	(2,592,612)
Changes in proportion and difference between District contributions and proportionate share of contributions	6,030	(717)
District contributions subsequent to the measurement date	280,562	-
Total	\$ 2,792,712	\$ (3,798,019)

\$280,562 reported as a deferred outflow of resources related to pension resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7a) Defined Benefit Pension Plan – Wisconsin Retirement System (Continued)

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2021	\$ (381,340)
2022	(284,743)
2023	46,164
2024	(665,950)
Total	\$ (1,285,869)

Actuarial Assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability (asset) for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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 geometric real rates of return for each major asset class are summarized in the following table:

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7a) Defined Benefit Pension Plan – Wisconsin Retirement System (Continued)

Asset Allocation Targets and Expected Returns
As of December 31, 2019

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	<u>110</u>	<u>7.5</u>	<u>4.6</u>
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	<u>100</u>	<u>7.8</u>	<u>4.9</u>

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 7.00% was used to measure the total pension liability (asset) for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7a) Defined Benefit Pension Plan – Wisconsin Retirement System (Continued)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$ 3,265,791	\$ (1,268,180)	\$ (4,657,846)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

7b) Supplemental Pension Stipend Benefit

General Information about the Pension Plan

Plan Description. In addition to the WRS pension plan, the District provides a supplemental pension stipend benefit to eligible teachers. This is a single-employer supplemental pension benefit administered by the District.

Benefits Provided. This benefit applies to Teachers who were hired by the District prior to July 1, 2013. A Teacher, who has completed ten (10) years of full time equivalency service with the District and who is eligible for retirement under the Wisconsin Retirement System will be credited with: (a.) up to two hundred (200) accumulated sick days at the rate of pay of \$90 per day not to exceed \$18,000; and (b.) \$500 per year for every year of full time equivalency employment with the District, not to exceed \$15,000. The total dollars credited for accumulated sick days and accumulated years of employment with the District shall not exceed \$30,000. Teachers, who retire by filing an irrevocable resignation with the District by March 1st, shall be eligible for an additional \$2,000 above and beyond the \$30,000 limit, not to exceed \$32,000. The additional \$2,000 shall be prorated as listed below:

- 10-14 years of service - \$1,000
- 15-19 years of service - \$1,500
- 20 years of service and above - \$2,000

An eligible Teacher who tenders his or her irrevocable resignation to the District, retires at the end of the contract year, shall receive the dollar amount contemplated in the preceding paragraphs as contributions to a tax-sheltered annuity (TSA).

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7b) Supplemental Pension Stipend Benefit (Continued)

TSA contributions will be made in a series of three (3) equal installments beginning in July after the Eligible Employee's retirement and on the two (2) subsequent annual anniversaries of that date. Retirees receiving TSA contributions cannot be employed by the District.

Employees Covered by Benefit Terms. At June 30, 2019 (the measurement date), the following employees were covered by the benefit terms:

Retirees eligible and receiving benefits	3
Active teachers fully eligible	12
Active teachers not fully eligible	38
Total	53

This plan is closed to new entrants as it only applies to teachers hired before July 1, 2013.

Contributions. The District has continued to fund these stipend liabilities through its irrevocable trust that was previously reported as an "other postemployment benefit" trust. The District has indicated that the contribution amount to the trust is tied to the annual required contribution (ARC) provided in prior actuarial studies. There are no contractual or statutory required contributions to the trust.

During the reporting period, the District contributed \$21,819 to the trust.

Net Pension Liability

The District's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Amortization Growth Rate	3.00%
Inflation	2.50%
Salary Increases	0.20 to 5.60%
Discount Rate/Investment Rate of Return	3.50%
Amortization Method	10 year Level %

The valuation was based upon the data provided by the District. All of the demographic assumptions used for this report are approximately the same as those based on an experience study conducted in 2015 using the WRS experience from 2012-2014.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7b) Supplemental Pension Stipend Benefit (Continued)

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 Class	Long-Term Real Rate of Return	Target Allocation
US Equities	2.10%	49%
Fixed Income	2.73%	48%
Cash	0.0%	3%

Discount Rate. The discount rate used to measure the total pension liability was 3.50%, as opposed to a discount rate of 3.75% for the prior year. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 269,894	\$ 200,475	\$ 69,419
Changes for the year:			
Service cost	13,860	-	13,860
Interest	10,109	-	10,109
Differences between expected and actual experience	-	-	-
Changes of assumptions or other input	3,331	-	3,331
Contributions - employer	-	21,819	(21,819)
Net investment income	-	12,511	(12,511)
Benefit payments	(14,499)	(14,499)	-
Administrative expenses	-	(1,123)	1,123
Net changes	12,801	18,708	(5,907)
Balances at June 30, 2019	\$ 282,695	\$ 219,183	\$ 63,512

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7b) Supplemental Pension Stipend Benefit (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the District, calculated using the discount rate of 3.50 percent as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
District's net supplemental pension liability (asset)	\$ 76,999	\$ 63,512	\$ 50,315

Pension Plan Fiduciary Net Position. The plan does not issue stand-alone financial statements.

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

For the year ended June 30, 2020, the District recognized pension expense of \$26,392. At June 30, 2020, 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	\$ 41,196	\$ (9,250)
Changes of assumptions	29,819	(7,370)
Net difference between projected and actual earnings on pension plan investments	-	(7,241)
District contributions subsequent to the measurement date	22,616	-
Total	\$ 93,631	\$ (23,861)

\$22,616 reported as a deferred outflow of resources related to pension resulting from the 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, 2021.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

7. Employee Pension Plans (Continued)

7b) Supplemental Pension Stipend Benefit (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2021	\$ 5,388
2022	2,378
2023	4,306
2024	5,135
2025	6,112
Thereafter	23,835
Total	\$ 47,154

8. Other Post-Employment Benefits

General Information about the Other Post-Employment Benefits

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

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

8. Other Post-Employment Benefits (Continued)

Contribution rates as of June 30, 2020 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution

Member 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, 2019 are as listed on the below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$1,288 in contributions from the employer.

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

At June 30, 2020, the District reported a liability (asset) of \$303,409 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. 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, 2019, the District's proportion was 0.07125300%, which was an increase of 0.008602% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$38,532.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

8. Other Post-Employment Benefits (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (13,592)
Changes of assumptions	111,929	(33,373)
Net differences between projected and actual earnings on OPEB plan investments	5,723	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,916	-
Employer contributions subsequent to the measurement date	1,478	-
Totals	<u>\$ 155,046</u>	<u>\$ (46,965)</u>

\$1,478 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Net Outflows (Inflows) of Resources</u>
Year ended June 30:	
2021	\$ 18,489
2022	18,489
2023	17,875
2024	17,236
2025	14,997
Thereafter	19,517
Total	<u>\$ 106,603</u>

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

8. Other Post-Employment Benefits (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

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.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

8. Other Post-Employment Benefits (Continued)

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019

<u>Asset Class</u>	<u>Index</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected</u> <u>Geometric Real</u> <u>Rate of Return</u>
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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.

Single Discount Rate. A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

8. Other Post-Employment Benefits (Continued)

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 2.87 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 (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
District's proportionate share of the net OPEB liability (asset)	\$ 418,957	\$ 303,409	\$ 215,500

9. Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2020 were as follows:

Payable Fund	Receivable Fund	Amount	Purpose
Special Revenue	General Fund	\$ 10,040	Operations
Debt Service	General Fund	475	Operations
Subtotal - General Fund		10,515	
General Fund	Capital Projects	200,000	Fund 46 Contribution
General Fund	Special Revenue	8,080	Operations
Subtotal - Non-Major Funds		208,080	
Subtotal - Fund Financial Statements		(197,565)	
Less: Fund Eliminations		197,565	
Total - Government-Wide Statements		\$ -	

In the statement of net position, amounts reported in the governmental fund balance sheet as interfund balances have been eliminated within the district-wide statements.

During the fiscal year ended June 30, 2020, the general fund transferred \$1,207,093 to the special education fund. These transfers were used to cover any costs not covered by direct revenues. In the district-wide statements, these amounts were eliminated. On the fund financial statements, the special education fund is reported together with the general fund under GASB No. 54, therefore eliminating the presentation of the transfer.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

10. Operating Lease

The District, as lessee, leases several copiers under two separate leases. The first requires monthly payments of \$512 through June 2025 and the second requires monthly payments of \$832 through July 2023. Future minimum lease payments on these leases are as follows:

Year Ended June 30,	
2021	\$ 16,130
2022	16,130
2023	16,130
2024	6,976
2025	6,143
	<u>\$ 61,509</u>

11. Fund Balances / Net Position

Fund Balance

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	General Fund	Debt Service	Food Service	Special Revenue	Community Service	Capital Projects	Total
Fund Balances:							
<u>Nonspendable:</u>							
Inventory/Prepaid Expenses	\$ 3,267	\$ -	\$ 11,074	\$ -	\$ -	\$ -	\$ 14,341
Corpus of Permanent Fund	-	-	-	10,000	-	-	10,000
<u>Restricted for:</u>							
Food Service	-	-	138,128	-	-	-	138,128
Debt Service Reserve	-	164,352	-	-	-	-	164,352
Community Service	-	-	-	-	12,256	-	12,256
Donor Restrictions	-	-	-	233,792	-	-	233,792
Capital Projects	-	-	-	-	-	205,001	205,001
Common School Fund Carryover	13,722	-	-	-	-	-	13,722
<u>Unassigned:</u>							
Cash Flow Purposes	2,000,000	-	-	-	-	-	2,000,000
Unassigned	1,272,397	-	-	-	-	-	1,272,397
	\$ 3,289,386	\$ 164,352	\$ 149,202	\$ 243,792	\$ 12,256	\$ 205,001	\$ 4,063,989

Net Position

Net position reported on the government-wide statement of net position at June 30, 2020 includes the following:

Governmental

Capital Assets net of depreciation	\$ 23,229,849
Less: related long-term debt outstanding	(8,398,680)
Less: premium on debt	(221,987)
Total Net Investment in Capital Assets	<u>\$ 14,609,182</u>

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2020

12. Limitation on School District Revenues

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

- A resolution of the school board or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

13. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles.

14. Commitments

The District has a line of credit which carries an interest rate of 2.49%, permits borrowing up to \$2,000,000, and matures on November 1, 2020. The line of credit did not have an outstanding balance as of June 30, 2020 and the District did not draw upon it during the year. The District has committed to an additional \$2,000,000 line of credit, with an interest rate of 1.94%, once the current one matures.

15. Effect of New Accounting Standard on Current Period Financial Statements

GASB has adopted GASB Statement No. 83, Certain Asset Retirement Obligations and GASB Statement No. 87, Leases. When these become effective, application of these standards may restate portions of these financial statements.

16. Contingencies

The recent spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. In March 2020 and through the remainder of the 2019/2020 school year, the State of Wisconsin required the closing of schools and in person learning, and school instruction was shifted to virtual platforms.

The full financial impact on the District is unknown. It is anticipated that the impacts of COVID-19 will continue for some time. Future impacts may include changes to student enrollment. Student enrollment factor into calculations for certain state aid revenues and impacts revenue limits. Enrollment changes from COVID-19 could impact multiple school years as certain aid and revenue limit calculations use a three-year enrollment rolling average. Other impacts may include, but are not limited to, continued disruptions of in-person schooling and events, and restrictions on employees' ability to work. Changes to the operating environment are also expected to increase operating costs.

17. Subsequent Event

In August 2020, the District approved the purchase of a new HVAC system in the amount of \$104,310.

REQUIRED SUPPLEMENTAL INFORMATION

**New Glarus School District
New Glarus, Wisconsin**

**Budgetary Comparison Schedule for the General Fund
Budget and Actual
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local	\$ 4,249,512	\$ 4,249,512	\$ 4,265,453	\$ 15,941
Interdistrict	965,168	965,168	969,538	4,370
Intermediate	-	-	1,805	1,805
State	6,681,008	6,681,008	6,699,277	18,269
Federal	64,233	64,233	100,271	36,038
Other	115,030	115,030	165,702	50,672
Total Revenues	<u>12,074,951</u>	<u>12,074,951</u>	<u>12,202,046</u>	<u>127,095</u>
EXPENDITURES				
Current Expenditures				
Instruction				
Undifferentiated Curriculum	2,396,079	2,396,079	2,333,382	62,697
Regular Instruction	2,886,797	2,886,797	2,845,841	40,956
Vocational Instruction	367,991	367,991	351,555	16,436
Physical Instruction	242,367	242,367	250,632	(8,265)
Co-curricular Instruction	191,965	191,965	184,621	7,344
Other Special Needs	6,500	6,500	3,751	2,749
Support Service				
Pupil Services	223,290	223,290	208,428	14,862
Instructional Staff Services	663,753	663,753	607,918	55,835
General Administration Services	334,496	334,496	430,056	(95,560)
Business Administration Services	709,668	709,668	691,179	18,489
Business Services	1,673,995	1,673,995	1,264,595	409,400
Central Services	79,506	79,506	67,282	12,224
Insurance and Judgments	123,241	123,241	111,998	11,243
Other Support Services	303,435	303,435	309,799	(6,364)
Non-Program Services	293,046	293,046	277,866	15,180
Debt Service	97,073	97,073	97,072	1
Capital Outlay	683,605	683,605	1,210,515	(526,910)
Total Expenditures	<u>11,276,807</u>	<u>11,276,807</u>	<u>11,246,490</u>	<u>30,317</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>798,144</u>	<u>798,144</u>	<u>955,556</u>	<u>157,412</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	3,646	3,646
Transfers Out	(1,253,896)	(1,253,896)	(1,412,093)	(158,197)
Capital Lease Proceeds	455,752	455,752	455,752	-
Total Other Financing Sources and Uses	<u>(798,144)</u>	<u>(798,144)</u>	<u>(952,695)</u>	<u>(154,551)</u>
Net Change in Fund Balances	-	-	2,861	2,861
Fund Balances - Beginning	3,286,525	3,286,525	3,286,525	-
Fund Balances - Ending	<u>\$ 3,286,525</u>	<u>\$ 3,286,525</u>	<u>\$ 3,289,386</u>	<u>\$ 2,861</u>

**New Glarus School District
New Glarus, Wisconsin**

**Budgetary Comparison Schedule for the Special Education Fund
Budget and Actual
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State	\$ 336,019	\$ 336,019	\$ 342,829	\$ 6,810
Federal	263,266	263,266	245,545	(17,721)
Total Revenues	<u>599,285</u>	<u>599,285</u>	<u>588,374</u>	<u>(10,911)</u>
EXPENDITURES				
Current Expenditures				
Instruction				
Special Instruction	1,259,255	1,259,255	1,195,445	63,810
Support Service				
Pupil Services	156,096	156,096	150,626	5,470
Instructional Staff Services	147,770	147,770	142,428	5,342
Business Services	59,651	59,651	48,388	11,263
Central Services	3,000	3,000	1,218	1,782
Non-Program Services	227,409	227,409	236,741	(9,332)
Capital Outlay	-	-	20,621	(20,621)
Total Expenditures	<u>1,853,181</u>	<u>1,853,181</u>	<u>1,795,467</u>	<u>57,714</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,253,896)</u>	<u>(1,253,896)</u>	<u>(1,207,093)</u>	<u>46,803</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,253,896	1,253,896	1,207,093	(46,803)
Total Other Financing Sources and Uses	<u>1,253,896</u>	<u>1,253,896</u>	<u>1,207,093</u>	<u>(46,803)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplemental information

**New Glarus School District
New Glarus, Wisconsin**

**Reconciliation of Differences between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures
For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 12,202,046	\$ 588,374
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>588,374</u>	<u>(588,374)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 12,790,420</u>	<u>\$ -</u>
	<u>General Fund</u>	<u>Special Education Fund</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 11,246,490	\$ 1,795,467
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>1,795,467</u>	<u>(1,795,467)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 13,041,957</u>	<u>\$ -</u>

**NEW GLARUS SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
June 30, 2020**

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the collective net pension liability (asset) as a percentage of the District's covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	0.03933006%	\$ (1,268,180)	\$ 6,380,274	(19.88%)	102.96%
2018	0.03888884%	1,383,543	6,021,379	22.98%	96.45%
2017	(0.03861936%)	(1,146,654)	5,785,117	(19.82%)	(102.93%)
2016	0.03848444%	317,204	5,568,082	5.70%	99.12%
2015	0.03861657%	627,512	5,450,905	11.51%	98.20%
2014	(0.03876686%)	(951,958)	5,397,914	(17.64%)	(102.74%)

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED
Last 10 Fiscal Years****

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2020	\$ 438,500	\$ (438,500)	-	\$ 6,567,826	6.68%
2019	411,903	(411,903)	-	6,236,748	6.60%
2018	397,814	(397,814)	-	5,905,403	6.74%
2017	385,798	(385,798)	-	5,735,418	6.73%
2016	365,714	(365,714)	-	5,474,826	6.68%
2015	372,691	(372,691)	-	5,423,143	6.87%

**The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

NEW GLARUS SCHOOL DISTRICT
SUPPLEMENTAL PENSION LIABILITY SCHEDULES
June 30, 2020

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2019*	2018*	2017*	2016*	2015*	2014*
<u>Total Pension Liability</u>						
Service Cost	\$ 13,860	\$ 13,935	\$ 14,993	\$ 11,942	\$ 11,942	\$ 11,942
Interest	10,109	9,706	8,518	10,246	11,094	12,454
Changes in Benefit Terms	-	-	-	-	-	-
Changes of Assumptions or Other Inputs	3,331	(2,899)	(6,608)	38,662	-	-
Differences Between Expected and Actual Experience	-	(11,100)	-	59,508	-	-
Benefit Payments	(14,499)	(20,167)	(25,834)	(22,666)	(54,224)	(44,045)
Net Change in Total Pension Liability (Assets)	<u>12,801</u>	<u>(10,525)</u>	<u>(8,931)</u>	<u>97,692</u>	<u>(31,188)</u>	<u>(19,649)</u>
Total Pension Liability - Beginning	269,894	280,419	289,350	191,658	222,846	242,495
Total Pension Liability - Ending (a)	<u>\$ 282,695</u>	<u>\$ 269,894</u>	<u>\$ 280,419</u>	<u>\$ 289,350</u>	<u>\$ 191,658</u>	<u>\$ 222,846</u>
<u>Fiduciary Net Position</u>						
Contributions - Employer	\$ 21,819	\$ 19,152	\$ 19,028	\$ 6,772	\$ 32,288	\$ 72,288
Other	-	-	-	-	-	25,953
Net Investment Income	12,511	10,823	15,079	2,103	502	6,895
Benefit Payments	(14,499)	(20,167)	(25,834)	(22,666)	(54,224)	(44,045)
Fund Transfer	-	-	-	(120,000)	-	-
Administrative Expense	(1,123)	(1,146)	(1,385)	(2,256)	-	-
Net Change in Fiduciary Net Position	<u>18,708</u>	<u>8,662</u>	<u>6,888</u>	<u>(136,047)</u>	<u>(21,434)</u>	<u>61,091</u>
Fiduciary Net Position - Beginning	200,475	191,813	184,925	320,972	342,406	281,315
Fiduciary Net Position - Ending (b)	<u>\$ 219,183</u>	<u>\$ 200,475</u>	<u>\$ 191,813</u>	<u>\$ 184,925</u>	<u>\$ 320,972</u>	<u>\$ 342,406</u>
<u>Net Pension Liability (Asset)</u>						
Net Pension Liability (Asset) - (a) - (b)	\$ 63,512	\$ 69,419	\$ 88,606	\$ 104,425	\$ (129,314)	\$ (119,560)
Fiduciary net position as a percentage of the total pension liability	77.53%	74.28%	68.40%	63.91%	167.47%	153.65%
Covered Payroll	\$ 2,931,973	\$ 2,931,973	\$ 2,886,550	\$ 2,886,550	\$ 3,310,328	\$ 3,310,328
Net pension liability (asset) as a percent of covered payroll	2.17%	2.37%	3.07%	3.62%	-3.91%	-3.61%

*The data provided above is presented as of the measurement date which is 12 months prior to the financial statement date.

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NEW GLARUS SCHOOL DISTRICT
SUPPLEMENTAL PENSION LIABILITY SCHEDULES
June 30, 2020

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution (ADC)**	\$ 22,616	\$ 21,819	\$ 19,599	\$ 19,028	\$ 6,772	\$ 26,865
Contributions in Related to the ADC**	22,616	21,819	19,152	19,028	32,288	72,288
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ (25,516)</u>	<u>\$ (45,423)</u>
District's covered-employee payroll	\$ 2,867,952	\$ 2,956,311	\$ 2,931,973	\$ 2,886,550	\$ 2,886,550	\$ 3,310,328
Contributions as a percentage of covered-employee payroll	0.79%	0.74%	0.65%	0.66%	1.12%	2.18%

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**District's contributions and other amounts presented above are for each fiscal year based on information that occurred in that fiscal year.

**NEW GLARUS SCHOOL DISTRICT
LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
June 30, 2020**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT
BENEFIT LIABILITY AS OF THE MEASUREMENT DATE
Last 10 Fiscal Years***

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the collective net OPEB liability (asset) as a percentage of the District's covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2019	0.07125300%	\$ 303,409	\$ 3,659,000	8.29%	37.58%
2018	0.06265100%	161,661	3,371,000	4.80%	48.69%
2017	0.05705800%	171,664	2,399,542	7.15%	44.81%

*The proportionate share of the net other post-employment benefit liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED
Last 10 Fiscal Years****

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2020	\$ 1,478	\$ (1,478)	\$ -	\$ 3,433,000	0.04%
2019	1,357	(1,357)	-	3,654,161	0.04%
2018	1,276	(1,276)	-	3,369,000	0.04%

**The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

NEW GLARUS SCHOOL DISTRICT
Notes to Required Supplemental Information
For The Year Ended June 30, 2020

1. Budget Schedule

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, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the fund level for all funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- 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.
- Pursuant to the public budget hearing, the School Board may alter the proposed budget.
- After the School Board (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 School Board.

Appropriations lapse at year-end unless authorized as a carryover by the School Board.

2. Excess of Actual Expenditures Over Budget in Individual Funds

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental and special revenue funds.

The following functions had an excess of actual expenditures over budget for the year ended June 30, 2020:

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
General	Physical Instruction	\$ 8,265
General	General Administration Services	95,560
General	Other Support Services	6,364
General	Capital Outlay	526,910
General	Transfer Out	158,197
Special Education	Non-Program Services	9,332
Special Education	Capital Outlay	20,621

NEW GLARUS SCHOOL DISTRICT
Notes to Required Supplemental Information
For The Year Ended June 30, 2019

3. Wisconsin Retirement System Schedules

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 4 preceding years.

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

Changes of Assumptions. No significant changes in assumptions were noted from the prior year.

4. Supplemental Pension Liability Schedules

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

Changes of Assumptions. The discount rate was changed in the current year. Please refer to the Actuarial Assumptions section in Footnote 7 to the financial statements for additional details.

Key methods and assumptions used to calculate actuarially determined contribution:

Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Amortization Method	10 Year Level %
Discount Rate	3.50%
Amortization Growth Rate	3.00%
Inflation	2.50%

5. Local Retiree Life Insurance Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of Assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section in Footnote 8 to the financial statements for additional details.

OTHER SUPPLEMENTAL INFORMATION

**New Glarus School District
New Glarus, Wisconsin**

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020**

	<u>Food Service</u>	<u>Community Service Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Total Non- Major Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 148,982	\$ 12,374	\$ 245,752	\$ -	\$ 407,108
Restricted Cash and Investments	-	-	-	5,001	5,001
Receivables:					
Accounts	1,232	-	-	-	1,232
Other	9,771	-	-	-	9,771
Due from Other Funds	-	-	8,080	200,000	208,080
Due from Other Governments	32,415	-	-	-	32,415
Inventories	11,074	-	-	-	11,074
Total Assets	<u>\$ 203,474</u>	<u>\$ 12,374</u>	<u>\$ 253,832</u>	<u>\$ 205,001</u>	<u>\$ 674,681</u>
LIABILITIES					
Accounts Payable	\$ 16,065	\$ -	\$ -	\$ -	\$ 16,065
Accrued Liabilities	3,915	118	-	-	4,033
Due to Other Funds	-	-	10,040	-	10,040
Deposits	34,292	-	-	-	34,292
Total Liabilities	<u>54,272</u>	<u>118</u>	<u>10,040</u>	<u>-</u>	<u>64,430</u>
FUND BALANCES					
Nonspendable	11,074	-	10,000	-	21,074
Restricted	138,128	12,256	233,792	205,001	589,177
Total Fund Balances	<u>149,202</u>	<u>12,256</u>	<u>243,792</u>	<u>205,001</u>	<u>610,251</u>
Total Liabilities and Fund Balances	<u>\$ 203,474</u>	<u>\$ 12,374</u>	<u>\$ 253,832</u>	<u>\$ 205,001</u>	<u>\$ 674,681</u>

New Glarus School District
New Glarus, Wisconsin

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020**

	Food Service	Community Service Fund	Special Revenue Fund	Capital Projects	Total Non- Major Governmental Funds
REVENUES					
Local	\$ 307,089	\$ -	\$ 168,527	\$ -	\$ 475,616
State	7,799	-	-	-	7,799
Federal	242,390	-	-	-	242,390
Other	-	-	-	1	1
Total Revenues	<u>557,278</u>	<u>-</u>	<u>168,527</u>	<u>1</u>	<u>725,806</u>
EXPENDITURES					
Current Expenditures					
Instruction					
Undifferentiated Curriculum	-	-	262	-	262
Regular Instruction	-	-	2,160	-	2,160
Co-Curricular Instruction	-	-	130,387	-	130,387
Total Instruction	<u>-</u>	<u>-</u>	<u>132,809</u>	<u>-</u>	<u>132,809</u>
Support Services					
Pupil Services	-	-	12,540	-	12,540
Business Services	-	748	7,751	-	8,499
Food Service	485,850	-	-	-	485,850
Total Support Services	<u>485,850</u>	<u>748</u>	<u>20,291</u>	<u>-</u>	<u>506,889</u>
Non-Program Services					
Total Current Expenditures	<u>485,850</u>	<u>748</u>	<u>153,888</u>	<u>-</u>	<u>640,486</u>
Total Expenditures	<u>485,850</u>	<u>748</u>	<u>153,888</u>	<u>-</u>	<u>640,486</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>71,428</u>	<u>(748)</u>	<u>14,639</u>	<u>1</u>	<u>85,320</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	205,000	205,000
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,000</u>	<u>205,000</u>
Net Change in Fund Balances	<u>71,428</u>	<u>(748)</u>	<u>14,639</u>	<u>205,001</u>	<u>290,320</u>
Fund Balances - Beginning, as previously reported	77,774	13,004	177,399	-	268,177
Prior period adjustment - implementation of GASB Statement No. 84	-	-	51,754	-	51,754
Fund Balances - Beginning, as restated	<u>77,774</u>	<u>13,004</u>	<u>229,153</u>	<u>-</u>	<u>319,931</u>
Fund Balances - Ending	<u>\$ 149,202</u>	<u>\$ 12,256</u>	<u>\$ 243,792</u>	<u>\$ 205,001</u>	<u>\$ 610,251</u>

New Glarus School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Pass-Through Entity ID Number	(Accrued Receivable) Deferred Revenue July 1, 2019	Revenues Grantor Reimbursements	Expenditures	Accrued Receivable June 30, 2020
<u><i>U.S. DEPARTMENT OF AGRICULTURE</i></u>						
Wisconsin Department of Public Instruction:						
Child Nutrition Cluster:						
Food Distribution - Donated Commodities	10.555	Not Available	\$ -	\$ 33,819	\$ 33,819	\$ -
National School Lunch Program	10.555	2020-233934-DPI-NSL-547	(2,692)	73,928	71,236	-
COVID-19 - National School Lunch Program	10.555	2020-233934-DPI-NSL-547	-	62,745	83,949	21,204
National School Breakfast Program	10.553	2020-233934-DPI-SB-546	(401)	11,446	11,045	-
COVID-19 - National School Breakfast Program	10.553	2020-233934-DPI-SB-546	-	31,130	42,341	11,211
Total Child Nutrition Cluster			<u>(3,093)</u>	<u>213,068</u>	<u>242,390</u>	<u>32,415</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>(3,093)</u>	<u>213,068</u>	<u>242,390</u>	<u>32,415</u>
<u><i>U.S. DEPARTMENT OF EDUCATION</i></u>						
Wisconsin Department of Public Instruction:						
Title I - Part A	84.010	2020-233934-TIA-141	(25,132)	47,160	27,161	5,133
Title II - Part A	84.367	2020-233934-TIIA-365	-	12,572	12,572	-
Title IV - Part A	84.424	2020-233934-TIVA-DPI-381	(20,000)	30,000	10,000	-
Special Education Cluster:						
Handicapped Pre-School and School Programs	84.027	2020-233934-DPI-IDEA-F-341	(96,867)	257,218	204,359	44,008
IDEA CEIS Entitlement	84.027	2020-233934-DPI-IDEA-F-341	(6,542)	11,672	9,496	4,366
Preschool Entitlement	84.173	2020-233934-DPI-IDEA-P-347	(465)	5,450	5,012	27
Total Special Education Cluster			<u>(103,874)</u>	<u>274,340</u>	<u>218,867</u>	<u>48,401</u>
Oregon School District:						
Carl Perkins Act Formula Allocation	84.048	2020-233934-CTE-400	-	13,925	13,925	-
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>(149,006)</u>	<u>377,997</u>	<u>282,525</u>	<u>53,534</u>
<u><i>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i></u>						
Wisconsin Department of Health Services:						
School Based Services	93.778	Not Available	(9,925)	87,141	77,216	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>(9,925)</u>	<u>87,141</u>	<u>77,216</u>	<u>-</u>
TOTALS			<u>\$ (162,024)</u>	<u>\$ 678,206</u>	<u>\$ 602,131</u>	<u>\$ 85,949</u>

New Glarus School District
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2020

Administering Agency Pass-Through Agency Award Description	State I.D. Number	Pass-Through Entity ID Number	(Accrued Receivable) Deferred Revenue July 1, 2019	Revenues State Reimbursements	Expenditures Grantor	Accrued Receivable (Deferred Revenue) June 30, 2020
<i>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</i>						
<i>Entitlement Programs</i>						
Special Education and School Age Parents Direct State Payments	255.101	233934-100	\$ -	\$ 342,829	\$ 342,829	\$ -
<i>Cost Reimbursement Programs</i>						
State Lunch	255.102	233934-107	-	4,464	4,464	-
Morning Milk	255.115	233934-109	-	2,229	2,229	-
State Breakfast	255.344	233934-108	-	1,106	1,106	-
Total Cost Reimbursement Programs			-	7,799	7,799	-
<i>Other Aids</i>						
General Equalization	255.201	233934-116	(95,020)	5,902,555	5,904,236	96,701
Common School Fund	255.103	233934-104	-	42,316	42,316	-
Pupil Transportation	255.107	233934-102	-	23,766	23,766	-
Supplemental Per Pupil Aid	255.245	233934-181	-	3,058	3,058	-
Early College Credit Program	255.445	233934-178	-	531	531	-
Educator Effectiveness Grant	255.940	233934-154	-	6,080	6,080	-
Per Pupil Adjustment Aid	255.945	233934-113	-	675,962	675,962	-
Career and Technical Education Incentive Grants	255.950	233934-152	-	2,511	2,511	-
Assessments of Reading Readiness	255.956	233934-166	-	1,702	1,702	-
Pass-Through from CESA #2: TEACH Grant		Unknown	Not Available	-	1,805	-
Total Other Aids			(95,020)	6,660,286	6,661,967	96,701
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			(95,020)	7,010,914	7,012,595	96,701
TOTALS			\$ (95,020)	\$ 7,010,914	\$ 7,012,595	\$ 96,701

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NEW GLARUS SCHOOL DISTRICT
Notes to Schedules of Expenditures of
Federal and State Awards
For the Year Ended June 30, 2020

Note 1 Reporting Entity

The accompanying schedules of expenditures of Federal and State Awards include the federal and state grant activity of the New Glarus School District.

Note 2 Basis of Presentation

The accounting records for the grant programs are maintained on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 Special Education and School Age Parents Program

2019-2020 eligible costs under the State Special Education Program are \$1,431,069.

Note 4 Food Distribution

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed (\$33,819).

Note 5 Medical Assistance

Expenditures presented for the Medicaid SBS Benefit represent only the federal funds for the program that the District receives from DHS. District records should be consulted to determine the total amount expended for this program.

Note 6 Subrecipients

No amounts were passed through to subrecipients.

Note 7 De Minimis Cost Rate

The District does not use an indirect cost rate.



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

To the Board of Education
New Glarus School District
New Glarus, 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 New Glarus School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise New Glarus School District's basic financial statements, and have issued our report thereon dated October 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the New Glarus School District's internal control over financial reporting (internal control) as a basis for designing 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 New Glarus School District's internal control. Accordingly, we do not express an opinion on the effectiveness of New Glarus School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items #2020-001 and #2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New Glarus School District's financial statements are free of 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 financial statements. However, providing an opinion on compliance with those provisions was not the 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*.

New Glarus School District's Response to Findings

New Glarus School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to 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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 26, 2020



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH STATE PROGRAM WITH LIMITED REQUIRED PROCEDURES AND FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Education
New Glarus School District
New Glarus, Wisconsin

Report on Compliance for Each Major State Program

We have audited the New Glarus School District’s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that are required to be conducted on each of New Glarus School District’s state programs with limited procedures and those that could have a direct and material effect on each of New Glarus School District’s major state programs for the year ended June 30, 2020. The New Glarus School District’s state programs that have limited required procedures and the New Glarus School District’s major state programs are identified in the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the limited compliance requirements for each of New Glarus School District’s state programs with limited required procedures based on our audit of the limited procedures required. It is also our responsibility to express an opinion on compliance for each of the New Glarus School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state programs occurred. An audit includes examining, on a test basis, evidence about the New Glarus School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the limited compliance requirements for each state program with limited required procedures and on compliance for each major state program. However, our audit does not provide a legal determination on the New Glarus School District’s compliance.

Opinion on Each State Program

In our opinion, the New Glarus School District complied, in all material respects, with the limited requirements referred to above for each of its state programs with limited required procedures and with the types of requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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 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 over compliance that we consider to be material weaknesses. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items #2020-001 and #2020-002, that we consider to be significant deficiencies.

New Glarus School District's Response to Findings

The New Glarus School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The New Glarus School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.



Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of testing based on requirements of the *Wisconsin Public School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.

October 26, 2020

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
* Material weakness identified?	No
* Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

State Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
* Material weakness identified?	No
* Significant deficiencies identified?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ?:	No
Identification of major state programs:	

ID Number

Name of State Program or Cluster

255.201

Equalization Aid

Dollar threshold for distinguishing Types A and B programs:	\$250,000
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Other Programs with Limited Required Procedures

Type of auditor's report issued on compliance for other programs with limited required procedures:	Unmodified
Internal control over other programs with limited required procedures:	
* Material weakness identified?	No
* Significant deficiencies identified?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ?:	No

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results (Continued)

Identification of other programs with limited required procedures:

<u>ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents

Section II – Financial Statement Findings

Finding #2020-001 – Segregation of Duties (This was a 2019 Finding)

Condition: The responsibility for the District's bookkeeping and accounting functions is assumed by a limited number of individuals.

Criteria: Good internal control necessitates a separation of duties regarding the handling and recording of cash receipts and cash disbursements.

Cause: The District has determined that hiring additional staff to perform separate accounting duties would be too costly.

Effect: Because of the lack of segregation of duties, individuals could mishandle receipts and disbursements.

Recommendation: The District should be aware of the need for separation of duties and provide for as much separation of duties as is feasible in the circumstances.

District's Response: Management of the District is aware of this deficiency and will continue to look for opportunities to strengthen this area. Segregation of duties is enhanced whenever possible and the Board of Education and management assumes an active roll through monthly review of receipts and disbursements and monthly financial reports. In addition, the Board and management will continue to rely on its direct knowledge of daily operations and direct contact with employees to better control and safeguard assets.

Finding #2020-002 – Preparation of Financial Statements in Accordance with GAAP (This was a 2019 Finding)

Condition: District staff does not prepare the financial statements and accompanying notes. The District has designated individuals responsible for reviewing and accepting the financial statements and related notes.

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Cause: The District does not prepare the financial statements and related notes.

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Finding #2020-002 – Preparation of Financial Statements in Accordance with GAAP (This was a 2019 Finding) (Continued)

Effect: Because District staff relies on the auditor to assist with the preparation of the financial statements, the District’s system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Recommendation: The auditor will work with the District to make personnel more knowledgeable about its responsibility for the financial statements.

District’s Response: The auditors prepare the financial statements but we review them and accept the statements prior to them being issued. We prepare financial reports that are reviewed by management and the Board of Education on a monthly basis. Any concerns or questions are addressed throughout the year.

Section III – State Awards Findings

Findings #2020-001 and #2020-002 apply to internal control procedures over state awards.

Section IV – Other Programs with Limited Required Procedures Findings

Findings #2020-001 and #2020-002 apply to internal control procedures over other programs with limited required procedures.

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

#2019-001 - This is still a finding. See #2020-001

#2019-002 - This is still a finding. See #2020-002

V. **Adjourn**

PURSUANT TO APPLICABLE LAW, NOTICE IS HEREBY GIVEN THAT A QUORUM OR A MAJORITY OF THE NEW GLARUS SCHOOL DISTRICT BOARD MEMBERS MAY ATTEND THIS MEETING. INFORMATION PRESENTED AT THIS MEETING MAY HELP FORM THE RATIONALE BEHIND FUTURE ACTIONS THAT MY BE TAKEN BY THE NEW GLARUS SCHOOL DISTRICT BOARD.

UPON REQUEST TO THE DISTRICT OFFICE, SUBMITTED TWENTY-FOUR (24) HOURS IN ADVANCE, THE DISTRICT SHALL MAKE REASONABLE ACCOMODATIONS INCLUDING THE PROVISION OF INFORMATIONAL MATERIAL IN AN ALTERNATIVE FORMAT FOR A DISABLED PERSON TO BE ABLE TO ATTEND THIS MEETING.