

## NOTICE

**SCHOOL DISTRICT OF NEW GLARUS  
BOARD OF EDUCATION  
BUDGET COMMITTEE MEETING  
MONDAY, JANUARY 28, 2019  
HIGH SCHOOL CONFERENCE ROOM  
6:45 PM**

## AGENDA

- I. **CALL MEETING TO ORDER - TRAVIS ZIMMERMAN- MEETING CANCELLED DUE TO WEATHER**
- II. **2017-2018 AUDIT REPORT** 2
- III. **2019-2020 BUDGET ASSUMPTIONS** 95
- IV. **FUND 46** 96
- V. **UPCOMING RFPs**
- VI. **RENTAL POTENTIAL FOR LAND**
- VII. **ADJOURNMENT**

### POSTED :

NG HIGH SCHOOL  
NG MIDDLE SCHOOL  
NG ELEMENTARY SCHOOL  
NG POST OFFICE  
BANK OF NEW GLARUS  
UB&T BANK OF NEW GLARUS  
MARINE CREDIT UNION

PUSUANT TO APPLICABLE LAW, NOTICE IS HEREBY GIVEN THAT A QUORUM OR A MAJORITY OF THE NEW GLARUS SCHOOL DISTRICT COMMITTEE MEMBERS MAY ATTEND THIS MEETING. INFORMATION PRESENTED AT THIS MEETING MAY HELP FORM THE RATIONALE BEHIND FUTURE ACTIONS THAT MAY 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 DISABLE PERSON TO BE ABLE TO ATTEND THIS MEETING. THIS AGENDA IS PRELIMINARY AND MAY BE MODIFIED OR SUPPLEMENTED TO PROVIDE THE FINAL AGENDA AND NOTICE FOR THIS MEETING. THE FINAL AGENDA WILL BE POSTED AND DISTRIBUTED AS REQUIRED BY CHAPTER 19 OF THE WISCONSIN STATUTES.

**NEW GLARUS SCHOOL DISTRICT**

Financial Statements With  
Independent Auditor's Report

For the Year Ended June 30, 2018

Johnson Block and Company, Inc.  
Certified Public Accountants  
2500 Business Park Road  
Mineral Point, Wisconsin 53565  
(608) 987-2206  
Fax: (608) 987-3391

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**For the Year Ended June 30, 2018**

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**NEW GLARUS SCHOOL DISTRICT**

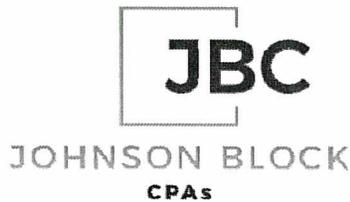
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## INDEPENDENT AUDITOR'S REPORT

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, 2018, 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.

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

As discussed in Note 1 to the financial statements, effective July 1, 2017, the New Glarus School District adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinions are not modified with respect to this matter.

### ***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 New Glarus School District as of June 30, 2018, 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.

### ***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***

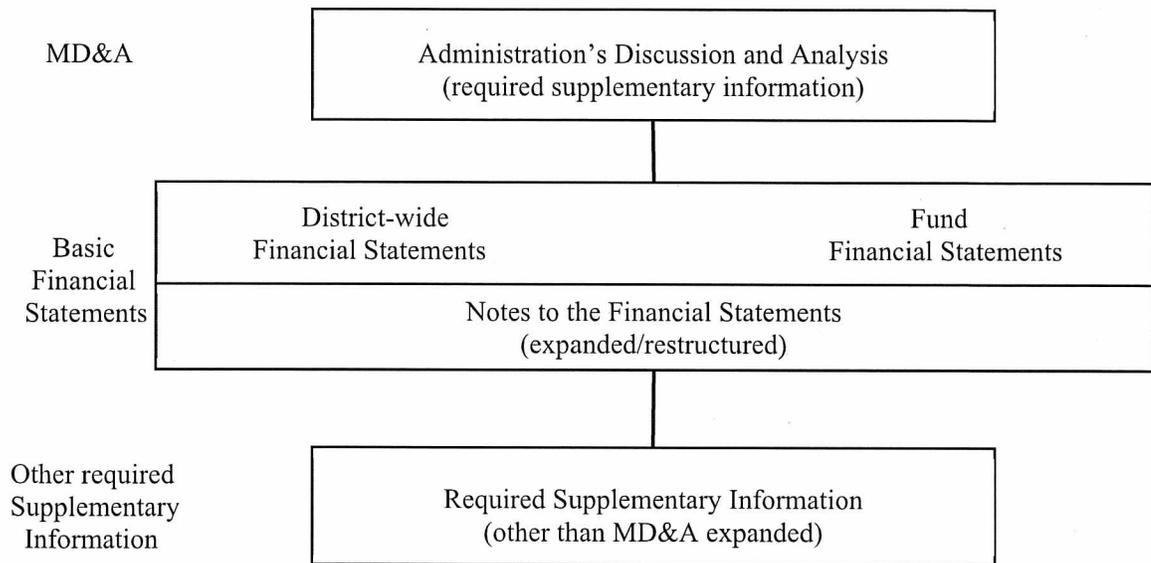
In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018 on our consideration of the New Glarus School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 New Glarus School District's internal control over financial reporting and compliance.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
Certified Public Accountants  
Mineral Point, Wisconsin  
November 5, 2018

**SCHOOL DISTRICT OF NEW GLARUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

School District of New Glarus'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, 2018.



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.

**SCHOOL DISTRICT OF NEW GLARUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 Trust, 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 various student groups and related activities, scholarship accounts and the employee benefits trust.

**SCHOOL DISTRICT OF NEW GLARUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Financial Analysis of the District as a Whole**

Table 1  
**Summary of Net Position**

	2018	2017
<b>Assets</b>		
Current & Other Assets	\$ 5,285,140	\$ 4,975,082
Capital Assets	\$ 34,185,007	\$ 33,682,354
Less Accumulated Depreciation	(11,551,740)	(10,478,810)
Capital Assets, net book value	\$ 22,633,267	\$ 23,203,544
Restricted Assets	\$ 1,146,654	\$ -
Total Assets	\$ 29,065,061	\$ 28,178,626
<b>Deferred Outflows of Resources</b>		
Deferred Pension and OPEB Outflows	\$ 2,075,166	\$ 2,420,195
<b>Liabilities</b>		
Current Liabilities	\$ 2,085,026	\$ 2,044,098
Long-term Liabilities	10,538,285	12,058,862
Total Liabilities	\$ 12,623,311	\$ 14,102,960
<b>Deferred Inflows of Resources</b>		
Deferred Pension and OPEB Inflows	\$ 2,271,631	\$ 1,005,958
Total Deferred Inflows of Resources	\$ 2,271,631	\$ 1,005,958
<b>Net Position</b>		
Total Capital Assets, net of related debt	\$ 12,102,738	\$ 11,672,186
Restricted	561,185	364,220
Unrestricted	3,581,362	3,453,497
Total Net Position	\$ 16,245,285	\$ 15,489,903

As indicated by the statement above, total net position is \$16,245,285. 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 \$34,185,007, 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 \$11,551,740. 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 \$10,366,043.

**SCHOOL DISTRICT OF NEW GLARUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Financial Analysis of the District as a Whole (Continued)**

Net position of \$291,384 are restricted for debt service, \$149,797 are restricted for the special revenue trust, \$5,952 for Common School Fund and \$114,052 is restricted for food service. The remaining balance of \$3,581,362 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**

	2018		2017	
	Amount	% of Total	Amount	% of Total
<b>Program Revenues:</b>				
Charges for Service	\$ 496,155	3.7%	\$ 504,540	3.8%
Operating Grants and Contributions	1,471,819	10.9%	1,325,778	10.0%
Capital grants and contributions	-	0.0%	50,000	0.0%
Total Program Revenues	<u>1,967,974</u>	<u>14.5%</u>	<u>1,880,318</u>	<u>13.9%</u>
<b>General Revenues:</b>				
Property Taxes - general purposes	3,612,596	26.7%	3,559,564	27.0%
Property Taxes - debt purposes	1,691,045	12.5%	1,533,580	11.6%
Property Taxes - community purposes	-	0.0%	-	0.0%
State of Wisconsin Aid - unrestricted	6,125,939	45.2%	6,177,285	46.8%
Other	154,675	1.1%	54,047	0.4%
Total General Revenues	<u>11,584,255</u>	<u>85.5%</u>	<u>11,324,476</u>	<u>85.8%</u>
Total Revenues	<u>13,552,229</u>	<u>100.0%</u>	<u>13,204,794</u>	<u>99.6%</u>
<b>Expenses:</b>				
Instruction	6,744,302	53.4%	6,670,212	52.5%
Support Services	4,332,412	34.3%	4,403,761	34.7%
Community Services	85	0.0%	85	0.0%
Non-Program	363,241	2.9%	379,104	3.0%
Interest on Debt	297,518	2.4%	335,148	2.6%
Depreciation-unallocated	901,401	7.1%	906,318	7.1%
Total Expenses	<u>12,638,959</u>	<u>100.0%</u>	<u>12,694,628</u>	<u>100.0%</u>
Increase (Decrease) in Net Position				
Before Special Items	913,270		510,166	
Special Items -				
Gain (Loss) on Disposal	<u>(20,158)</u>		<u>(15,197)</u>	
Change in Net Position	<u>\$ 893,112</u>		<u>\$ 494,969</u>	

As indicated above net position increased \$893,112.

**SCHOOL DISTRICT OF NEW GLARUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Financial Aspects of the District's Funds**

The general fund had a net increase in fund balance of \$114,395. 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 decrease in fund balance of \$10,708. This decrease was due to completion of building projects.

The debt service fund had a net increase in fund balance of \$135,434. The fund balance increase was due to levy of final principal payments of non-referendum debt.

The special revenue trust fund had a net increase in fund balance of \$19,351. The district received more in donations versus outgoing expenditures.

The food service fund had a net increase in fund balance of \$20,991. The increase was due to one additional serving day and required price increase for student lunch compliance.

The community service fund had a net decrease in fund balance of \$1,172. The fund balance of the community service fund will fluctuate each year.

**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2018 and 2017, the District had \$34,185,007 and \$33,682,354 invested in a broad range of capital assets, including land, buildings, furniture and equipment, respectively.

	2018	2017
<b>Assets</b>		
Land	\$ 361,905	\$ 361,905
Construction in Progress	48,972	-
Buildings	27,156,336	26,978,113
Furniture and Equipment	6,617,794	6,342,336
Subtotal	34,185,007	33,682,354
Less Accumulated Depreciation	(11,551,740)	(10,478,810)
	\$ 22,633,267	\$ 23,203,544

There was a net decrease in capital assets of \$570,277 from last year. Depreciation expense for the year was \$1,106,250.

**Debt**

At the end of this year, the District had \$10,279,992 in general obligation bonds and notes outstanding. This is a net decrease of \$1,220,000. The net decrease is a result of scheduled principal payments and prepayments of debt.

**SCHOOL DISTRICT OF NEW GLARUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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
- The possibility of two passed referendums in November 2018

**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, 2018

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 3,452,805
Restricted Cash and Investments	151,451
Receivables:	
Taxes	1,325,848
Accounts	30,958
Due from Other Governments	204,478
Prepays	111,969
Inventories	7,631
Total Current Assets	5,285,140
Capital Assets	
Land	361,905
Construction in Progress	48,972
Depreciable Assets	33,774,130
Less: Accumulated depreciation	(11,551,740)
Net Capital Assets	22,633,267
Restricted Assets	
Net Pension Asset - WRS	1,146,654
Total Restricted Assets	1,146,654
Total Assets	29,065,061
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Outflows - WRS	1,938,714
Deferred Pension Outflows - Supplemental Pension	112,630
Deferred Other Post-Employment Benefit Outflows - Life Insurance	23,822
Total Deferred Outflows of Resources	2,075,166
Total Assets and Deferred Outflows of Resources	\$ 31,140,227
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 183,402
Due from Fiduciary Funds	19,615
Accrued Liabilities:	
Payroll and Related Items	1,117,143
Interest	70,342
Deposits - Food Service Receipts	18,473
Current Portion of Long-Term Obligations	676,051
Total Current Liabilities	2,085,026
Noncurrent Liabilities:	
Noncurrent Portion of Long-Term Obligations	10,278,015
Net Pension Liability - Supplemental Pension	88,606
Net Other Post-Employment Benefit Liability - Life Insurance	171,664
Total Noncurrent Liabilities	10,538,285
Total Liabilities	12,623,311
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Inflows - WRS	2,263,155
Deferred Pension Inflows - Supplemental Pension	6,057
Deferred Other Post-Employment Benefit Inflows - Life Insurance	2,419
Total Deferred Inflows of Resources	2,271,631
<b>NET POSITION</b>	
Net Investment in Capital Assets	12,102,738
Restricted	561,185
Unrestricted	3,581,362
Total Net Position	16,245,285
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 31,140,227

See accompanying notes to the financial statements.

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

**Statement of Activities  
For the Year Ended June 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating Grants</u> <u>and</u> <u>Contributions</u>	<u>Revenue</u>  <u>Total</u> <u>Governmental</u> <u>Activities</u>
<b>Governmental Activities</b>				
Instruction				
Undifferentiated Curriculum	\$ 1,908,665	\$ 7,349	\$ 24,400	\$ (1,876,916)
Regular Curriculum	2,936,672	117,096	510,924	(2,308,652)
Vocational Instruction	247,731	-	-	(247,731)
Physical Curriculum	236,084	-	2,245	(233,839)
Special Instruction	1,123,751	-	534,776	(588,975)
Co-Curricular Activities	285,500	10,739	118,392	(156,369)
Other Special Needs	5,899	-	-	(5,899)
Total Instruction	<u>6,744,302</u>	<u>135,184</u>	<u>1,190,737</u>	<u>(5,418,381)</u>
Support Services				
Pupil Services	386,555	-	11,394	(375,161)
Instructional Staff Service	917,273	-	79,837	(837,436)
General Administration	389,102	-	-	(389,102)
Building Administration	599,980	-	-	(599,980)
Business Services	1,260,774	-	22,446	(1,238,328)
Central Services	170,866	-	2,370	(168,496)
Insurance and Judgments	102,641	13,014	-	(89,627)
Interest	297,518	-	-	(297,518)
Other Support Services	20,721	-	-	(20,721)
Food Service	484,585	347,957	154,135	17,507
Unallocated Depreciation	901,401	-	-	(901,401)
Total Support Services	<u>5,531,416</u>	<u>360,971</u>	<u>270,182</u>	<u>(4,900,263)</u>
Non-Program				
Other Non-Program Services	363,241	-	10,900	(352,341)
Total Non-Program	<u>363,241</u>	<u>-</u>	<u>10,900</u>	<u>(352,341)</u>
Total Governmental Activities	<u>\$ 12,638,959</u>	<u>\$ 496,155</u>	<u>\$ 1,471,819</u>	<u>(10,670,985)</u>

**General revenues:**

Taxes:	
Property taxes, levied for general purposes	3,612,596
Property taxes, levied for debt service	1,691,045
Federal and State aid not restricted to specific purpose	6,125,939
Interest and investment earnings	22,692
Miscellaneous	131,983
Total general revenues	<u>11,584,255</u>
Special item - Gain (loss) on disposal	(20,158)
Change in net position	893,112
Net position - beginning	15,489,903
Prior period adjustment - implementation of GASB Statement No. 75	(137,730)
Net position - beginning restated	<u>15,352,173</u>
Net position - ending	<u>\$ 16,245,285</u>

See accompanying notes to the financial statements.

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

**Balance Sheet  
Governmental Funds  
June 30, 2018**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Investments	\$ 2,802,097	\$ 362,226	\$ 288,482	\$ 3,452,805
Restricted Cash and Investments	-	-	151,451	151,451
Receivables:				
Taxes	1,325,848	-	-	1,325,848
Accounts	12,840	-	13,726	26,566
Other	-	-	4,392	4,392
Due from Other Funds	32,254	-	864	33,118
Due from Other Governments	200,930	-	3,548	204,478
Inventories	-	-	7,631	7,631
Prepaid Expenses	111,969	-	-	111,969
Total Assets	<u>\$ 4,485,938</u>	<u>\$ 362,226</u>	<u>\$ 470,094</u>	<u>\$ 5,318,258</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 156,251	\$ -	\$ 27,151	\$ 183,402
Accrued Liabilities	1,112,215	-	4,928	1,117,143
Due to Other Funds	38,262	500	13,971	52,733
Deposits	-	-	18,473	18,473
Total Liabilities	<u>1,306,728</u>	<u>500</u>	<u>64,523</u>	<u>1,371,751</u>
<b>FUND BALANCES</b>				
Nonspendable	111,969	-	7,631	119,600
Restricted	5,952	361,726	383,577	751,255
Assigned	-	-	14,363	14,363
Unassigned	3,061,289	-	-	3,061,289
Total Fund Balances	<u>3,179,210</u>	<u>361,726</u>	<u>405,571</u>	<u>3,946,507</u>
Total Liabilities and Fund Balances	<u>\$ 4,485,938</u>	<u>\$ 362,226</u>	<u>\$ 470,094</u>	<u>\$ 5,318,258</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, 2018**

Total fund balance, governmental funds	\$	3,946,507
Amounts reported for governmental activities in the Statement of Net Position are different because:		
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.		22,633,267
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.		
Unamortized premium on bond issuance		(291,845)
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.		1,146,654
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension 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.		
Deferred outflows of resources		2,075,166
Deferred inflows of resources		(2,271,631)
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.		
G.O. Debt Obligations		(10,279,992)
Capital Lease		(86,051)
Accrued Interest on Long-Term Debt		(70,342)
Compensated Absences		(296,178)
Net Pension Liability - Supplemental Pension		(88,606)
Net Other Post-Employment Benefit Liability - Life Insurance		(171,664)
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>16,245,285</u>

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, 2018**

	General Fund	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Local	\$ 3,789,861	\$ 1,691,705	\$ 526,501	\$ 6,008,067
Interdistrict	762,870	-	-	762,870
Intermediate	5,848	-	-	5,848
State	6,197,836	-	6,721	6,204,557
Federal	310,800	-	147,414	458,214
Other	122,469	54,144	-	176,613
Total Revenues	<u>11,189,684</u>	<u>1,745,849</u>	<u>680,636</u>	<u>13,616,169</u>
<b>EXPENDITURES</b>				
Instruction				
Undifferentiated Curriculum	1,871,418	-	5,376	1,876,794
Regular Instruction	2,862,637	-	32,529	2,895,166
Vocational Instruction	240,531	-	87	240,618
Physical Instruction	226,394	-	5,689	232,083
Special Instruction	1,103,580	-	-	1,103,580
Co-curricular Instruction	178,140	-	106,252	284,392
Other Special Needs	4,160	-	-	4,160
Total Instruction	<u>6,486,860</u>	<u>-</u>	<u>149,933</u>	<u>6,636,793</u>
Support Services				
Pupil Services	379,348	-	6,299	385,647
Instructional Staff Services	1,042,719	-	500	1,043,219
General Administration Services	380,843	-	748	381,591
Building Administration Services	589,397	-	-	589,397
Business Services	1,565,783	-	13,593	1,579,376
Central Services	55,062	-	-	55,062
Insurance and Judgments	102,641	-	-	102,641
Principal, Interest, and Fiscal Charges	88,804	1,610,415	-	1,699,219
Other Support Services	20,591	-	-	20,591
Food Service	-	-	481,101	481,101
Total Support Services	<u>4,225,188</u>	<u>1,610,415</u>	<u>502,241</u>	<u>6,337,844</u>
Non-program Services				
Total Expenditures	<u>11,075,289</u>	<u>1,610,415</u>	<u>652,174</u>	<u>13,337,878</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>114,395</u>	<u>135,434</u>	<u>28,462</u>	<u>278,291</u>
Net Change in Fund Balances	114,395	135,434	28,462	278,291
Fund Balances - Beginning	3,064,815	226,292	377,109	3,668,216
Fund Balances - Ending	<u>\$ 3,179,210</u>	<u>\$ 361,726</u>	<u>\$ 405,571</u>	<u>\$ 3,946,507</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, 2018**

Net change in fund balances - total governmental funds:	\$	278,291
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>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 \$565,928 were less than depreciation (\$1,106,250) in the current period.</p>		
		(540,322)
<p>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.</p>		
The amount of long-term debt principal payments in the current year is:		1,220,000
The amount of capital lease principal payments in the current year is:		83,382
Amortization of debt premium		35,667
Loss on disposal of capital assets		(29,955)
<p>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.</p>		
Change in OPEB - group life insurance plan liability and related deferred outflows and inflows of resources		(12,531)
Change in supplemental pension liability and related deferred outflows and inflows of resources		(13,958)
Change in compensated absences		2,500
<p>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.</p>		
Interest paid is greater (less) than interest accrued by		8,508
<p>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.</p>		
This is the amount of current year required contributions (\$531,858) into the WRS defined benefit pension plan that were greater than the actuarially determined (\$393,388) change in net pension asset/liability between years, with adjustments.		(138,470)
Change in net position of governmental activities	\$	893,112

See accompanying notes to the financial statements.

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

**Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018**

	<u>Benefit Trust</u> <u>Fund</u>	<u>Scholarship</u> <u>Funds</u>	<u>Activity Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 289,791	\$ 15,604	\$ 62,558	\$ 367,953
Due from Other Funds	38,262	-	1,925	40,187
Total Assets	<u>\$ 328,053</u>	<u>\$ 15,604</u>	<u>\$ 64,483</u>	<u>\$ 408,140</u>
<b>LIABILITIES</b>				
Due to Student Organizations	\$ -	\$ -	\$ 43,911	\$ 43,911
Due to Other Funds	-	-	20,572	20,572
Total Liabilities	<u>-</u>	<u>-</u>	<u>64,483</u>	<u>64,483</u>
<b>NET POSITION</b>				
Restricted	328,053	15,604	-	343,657
Total Liabilities and Net Position	<u>\$ 328,053</u>	<u>\$ 15,604</u>	<u>\$ 64,483</u>	<u>\$ 408,140</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, 2018**

	<u>Benefit Trust</u> <u>Fund</u>	<u>Scholarship</u> <u>Funds</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions	\$ 40,010	\$ -	\$ 40,010
Interest	-	49	49
Investment Earnings, Net of Investment Expense	15,748	-	15,748
Total Additions	<u>55,758</u>	<u>49</u>	<u>55,807</u>
<b>DEDUCTIONS</b>			
Gifts and Scholarships	-	750	750
Support Services	1,863	-	1,863
Benefits Paid	39,277	-	39,277
Total Deductions	<u>41,140</u>	<u>750</u>	<u>41,890</u>
Change in Net Position	14,618	(701)	13,917
Net Position - Beginning	313,435	16,305	329,740
Net Position - Ending	<u>\$ 328,053</u>	<u>\$ 15,604</u>	<u>\$ 343,657</u>

See accompanying notes to the financial statements.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**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, 2017**

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**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** – The debt service fund is used to account for and report the financial resources that are restricted to expenditures for principal and interest.

The District accounts for assets held as an agent for various student organizations in an agency fund. The District accounts for fiduciary activities for scholarships in a private purpose trust fund. 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 Trust
- Capital Projects

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**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, 2018**

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**1. Summary of Significant Accounting Policies (Continued)**

**F. Property Tax Levy**

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlements with the school district and county treasurer for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlements with the city, town, village, and school districts before retaining any for county purposes.

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

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

**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, 2018**

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**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, 2018**

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**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, 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 benefits' terms. Investments are reported at fair value.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**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 two items that qualifies 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, 2018**

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**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. All amounts reported as non-spendable at June 30, 2018, are nonspendable in form. The District has not reported any amounts that are 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 school board 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 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, 2018**

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**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. Budgets**

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund and all other funds. Encumbrance accounting is not used by the district. Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 E.

**T. Change in Accounting Principle**

Effective July 1, 2017, the District adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Implementation of GASB 75 required net position in the governmental activities to be decreased by \$137,730.

**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:

1. 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.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (Continued)**

2. 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.

3. 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.

**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, 2018 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, 2018 were comprised of the following:

<u>Depository:</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Associated Risk</u>
Local Financial Institutions	\$ 3,681,793	\$ 3,810,465	Custodial credit risk
Petty Cash	625	625	
Other Cash and Investments			
Equity Investments	148,979	148,979	Custodial credit risk and interest rate risk
Fixed Income Investments	138,573	138,573	Custodial credit risk and interest rate risk
Cash Equivalent Investments	2,239	2,239	Custodial credit risk and interest rate risk
Total June 30, 2018	<u>\$ 3,972,209</u>	<u>\$ 4,100,881</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	\$ 3,452,805
Restricted Cash and	
Investments	151,451
Fiduciary Funds	367,953
Total	<u>\$ 3,972,209</u>

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**3. Cash and Investments (Continued)**

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.
- 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, 2018, 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	\$ 148,979	\$ 148,979	\$ -	\$ -	\$ -
Fixed Income - Exchange Traded Funds	Varies-AAA to Not Rated	138,573	-	73,752	54,037	10,784
		<u>\$ 287,552</u>	<u>\$ 148,979</u>	<u>\$ 73,752</u>	<u>\$ 54,037</u>	<u>\$ 10,784</u>

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**3. Cash and Investments (Continued)**

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.

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, 2018.

As of June 30, 2018, the District's deposits with financial institutions were exposed to custodial credit risk as follows:

Insured by FDIC and State Deposit Guarantee Fund	\$ 904,413
Insured by irrevocable letter of credit*	\$ 2,766,647

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

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**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.

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, 2018	
	Fair Value	Level 1
Equity - Exchange Traded Funds	\$ 148,979	\$ 148,979
Fixed Income - Exchange Traded Funds	138,573	138,573
Totals	\$ 287,552	\$ 287,552

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**5. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Sites (land)	\$ 361,905	\$ -	\$ -	\$ 361,905
Construction in progress	-	48,972	-	48,972
Total Capital Assets not being depreciated	<u>361,905</u>	<u>48,972</u>	<u>-</u>	<u>410,877</u>
Capital Assets being depreciated				
Buildings and improvements	26,978,113	178,223	-	27,156,336
Furniture and equipment	6,342,336	338,733	(63,275)	6,617,794
Total Capital Assets being depreciated	33,320,449	516,956	(63,275)	33,774,130
Less Accumulated Depreciation	<u>(10,478,810)</u>	<u>(1,106,250)</u>	<u>33,320</u>	<u>(11,551,740)</u>
Total Capital Assets being depreciated, net of accumulated depreciation	<u>22,841,639</u>	<u>(589,294)</u>	<u>(29,955)</u>	<u>22,222,390</u>
Governmental activities Capital Assets, net of accumulated depreciation	<u>\$ 23,203,544</u>	<u>\$ (540,322)</u>	<u>\$ (29,955)</u>	<u>\$ 22,633,267</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 10,815
Vocational instruction	3,001
Special education instruction	1,114
Other instruction	15,649
Pupil services	220
Instructional staff services	839
Building administration	116
Business services	120
Central services	115,804
Food services	3,514
Depreciation not charged to a specific function	955,058
Total depreciation for governmental activities	<u>\$ 1,106,250</u>

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**6. Long-term Obligations**

Long-term obligation balances and activity for the year ended June 30, 2018 were as follows:

<u>General Obligation Debt</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Defeasance</u>	<u>Ending</u> <u>Balance</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities						
G.O. Bonds	\$ 9,130,000	\$ -	\$ 265,000	\$ (645,000)	\$ 8,220,000	\$ 55,000
G.O. Notes	2,369,992	-	310,000	-	2,059,992	535,000
Total Governmental Activities						
General Obligation Debt	11,499,992	-	575,000	(645,000)	10,279,992	590,000
Premium on Debt	327,512	-	35,667	-	291,845	-
Capital Leases	169,433	-	83,382	-	86,051	86,051
Compensated Absences	298,678	-	2,500	-	296,178	-
Total Long-Term Obligations	<u>\$ 12,295,615</u>	<u>\$ -</u>	<u>\$ 696,549</u>	<u>\$ (645,000)</u>	<u>\$ 10,954,066</u>	<u>\$ 676,051</u>

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

Interest on Long-Term Debt	<u>Expense</u> <u>\$ 351,847</u>	<u>Paid</u> <u>\$ 360,312</u>
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The compensated absences liability is paid out of the general fund.

**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, 2018 is comprised of the following individual issues:

<u>Description</u>	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rate %</u>	<u>Dates of</u> <u>Maturity</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
GO QSCB Promissory Notes*	9/27/2010	4.72%	4/1/2020	\$ 159,992	\$ 80,000
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%	10/1/2022	615,000	-
GO Promissory Notes	6/12/2012	3.0-3.5%	4/1/2021	1,285,000	455,000
GO Refunding Bonds	5/18/2016	2.0-3.0%	4/1/2035	4,360,000	55,000
Total General Obligation Debt				<u>\$ 10,279,992</u>	<u>\$ 590,000</u>

\* Annual payments are being accumulated in a sinking fund until maturity.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**6. Long-term Obligations (Continued)**

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2018 are as follows:

Year Ended June 30,	Principal	Interest	Interest Subsidy	Totals
2019	\$ 590,000	\$ 325,927	\$ (54,230)	\$ 861,697
2020	605,000	301,502	(54,230)	852,272
2021	545,000	250,918	(23,378)	772,540
2022	550,000	237,018	(23,378)	763,640
2023	560,000	210,888	-	770,888
2024-2028	2,985,000	868,552	-	3,853,552
2029-2033	3,400,000	466,050	-	3,866,050
2034-2035	1,044,992	40,346	-	1,085,338
Totals	<u>\$ 10,279,992</u>	<u>\$ 2,701,201</u>	<u>\$ (155,216)</u>	<u>\$ 12,825,977</u>

The 2017 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$468,368,988. The legal debt limit and margin of indebtedness as of June 30, 2018, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt Limit (10% of \$468,368,988)	\$ 46,836,899
Deduct long-term debt applicable to debt margin	<u>10,279,992</u>
Margin of indebtedness	<u>\$ 36,556,907</u>

**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, 2018 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. On April 3, 2017, and again on March 26, 2018, 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, 2018 is \$1,255,000. The entire amount of defeased debt will be called on the April 1, 2024 early redemption date.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**6. Long-term Obligations (Continued)**

**Capital Lease**

In July 2014, the District entered into a lease agreement for financing the acquisition of five school buses in the amount of \$417,325. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

Year Ended June 30,		
2019	\$	88,805
Total minimum lease payments		88,805
Less: Amount representing interest		2,754
Present value of net minimum lease payments	\$	86,051

**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, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

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

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**7. Employee Pension Plans (Continued)**

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**7. Employee Pension Plans (Continued)**

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 \$393,388 in contributions from the employer.

Contribution rates as of June 30, 2018 are:

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

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

At June 30, 2018, the District reported a liability (asset) of (\$1,146,654) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.03861936%, which was an increase of 0.00013492% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$495,074

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**7. Employee Pension Plans (Continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,456,852	\$ (681,467)
Changes of assumptions	226,556	-
Net difference between projected and actual earnings on pension plan investments	-	(1,575,970)
Changes in proportion and difference between District contributions and proportionate share of contributions	3,818	(5,718)
District contributions subsequent to the measurement date	<u>251,488</u>	<u>-</u>
Total	<u>\$ 1,938,714</u>	<u>\$ (2,263,155)</u>

\$251,488 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$ 121,750
2020	(10,229)
2021	(392,517)
2022	(297,682)
2023	<u>2,749</u>
Total	<u>\$ (575,929)</u>

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**7. Employee Pension Plans (Continued)**

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

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

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

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

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

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**7. Employee Pension Plans (Continued)**

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

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
<b>Total Core Fund</b>	<b>110</b>	<b>7.3</b>	<b>4.4</b>
<b>Variable Fund Asset Class</b>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
<b>Total Variable Fund</b>	<b>100</b>	<b>7.9</b>	<b>5.0</b>

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

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

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

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**7. Employee Pension Plans (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 7.20 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
District's proportionate share of the net pension liability (asset)	\$ 2,966,787	\$ (1,146,654)	\$ (4,272,997)

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

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).

Tax-sheltered annuity 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 Tax-sheltered annuity contributions cannot be employed by the District.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**7. Employee Pension Plans (Continued)**

*Employees covered by benefit terms.* At June 30, 2017 (the measurement date), the following employees were covered by the benefit terms:

Retirees eligible and receiving benefits	5
Active teachers fully eligible	7
Active teachers not fully eligible	45
Total	57

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 \$19,208 to the trust.

**Net Pension Liability**

The District's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Amortization Growth Rate	3.00%
Inflation	3.00%
Salary Increases	0.20 to 5.60%
Discount Rate/Investment Rate of Return	3.50%
Amortization Method	30 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 used in the December 31, 2016 WRS annual report.

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:

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**7. Employee Pension Plans (Continued)**

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	2.45%	51%
Fixed Income	2.47%	48%
Cash	0.0%	1%

*Discount rate.* The discount rate used to measure the total pension liability was 3.5 percent. 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	Plan Fiduciary Net Position	Net Pension Liability
		(a)	
<b>Balances at June 30, 2016</b>	\$ 289,350	\$ 184,925	\$ 104,425
Changes for the year:			
Service cost	14,993	-	14,993
Interest	8,518	-	8,518
Changes of assumptions or other input	(6,608)	-	(6,608)
Contributions - employer	-	19,028	(19,028)
Contributions - employee	-	-	-
Net investment income	-	15,079	(15,079)
Benefit payments	(25,834)	(25,834)	-
Administrative expenses	-	(1,385)	1,385
Net changes	(8,931)	6,888	(15,819)
<b>Balances at June 30, 2017</b>	\$ 280,419	\$ 191,813	\$ 88,606

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**7. Employee Pension Plans (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 3.5 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 (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

	<b>1% Decrease to Discount Rate (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase to Discount Rate (4.50%)</b>
District's net pension liability (asset)	\$ 101,891	\$ 88,606	\$ 75,641

*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, 2018, the District recognized pension expense of \$33,110. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 50,352	\$ -
Changes of assumptions	32,714	(6,057)
Net difference between projected and actual earnings on pension plan investments	10,412	-
District contributions subsequent to the measurement date	19,152	-
Total	\$ 112,630	\$ (6,057)

\$19,152 reported as deferred outflows 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, 2019.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**7. Employee Pension Plans (Continued)**

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

<b>Year Ended June 30:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2019	\$ 13,637
2020	11,627
2021	8,081
2022	5,071
2023	7,001
Thereafter	42,004
Total	\$ 87,421

**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>

***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, 2018**

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**8. Other Post Employment Benefits (Continued)**

Contribution rates as of June 30, 2018 are:

Coverage Type	Employer Contribution
75% Post Retirement Coverage at age 65	20% of employee contribution
50% Post Retirement Coverage at age 66	20% of employee contribution
25% Post Retirement Coverage after age 67	20% of employee contribution

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

<b>Life Insurance Employee Contribution Rates For the year ended December 31, 2017</b>	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$1,083 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, 2018, the LRLIF Employer reported a liability (asset) of \$171,664 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.05705800%, which was an increase of 0.002086% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$18,838.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**8. Other Post Employment Benefits (Continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (2,419)
Changes of assumptions	16,588	-
Net differences between projected and actual earnings on OPEB plan investments	1,977	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,391	-
Employer contributions subsequent to the measurement date	866	-
Totals	\$ 23,822	\$ (2,419)

\$866 reported as deferred outflows related to OPEB resulting from the District employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>Net Outflows (Inflows) of Resources</b>
Year ended June 30:	
2019	\$ 3,337
2020	3,337
2021	3,337
2022	3,337
2023	2,843
Thereafter	4,346
Total	\$ 20,537

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**8. Other Post Employment Benefits (Continued)**

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

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

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

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**8. Other Post Employment Benefits (Continued)**

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

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

	<b>1% Decrease to Discount Rate (2.63%)</b>	<b>Current Discount Rate (3.63%)</b>	<b>1% Increase to Discount Rate (4.63%)</b>
District's proportionate share of the net OPEB liability (asset) \$	242,626 \$	171,664 \$	117,207

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

**9. Interfund Balances and Activity**

Interfund receivable and payable balances in the fund financial statements on June 30, 2018 were as follows:

Payable Fund	Receivable Fund	Amount	Purpose
Agency Fund	General Fund	\$ 19,708	Operations
Debt Service	General Fund	500	Operations
Capital Projects	General Fund	12,046	Operations
Subtotal - General Fund		32,254	
Agency Fund	Food Service	864	Operations
Subtotal - Nonmajor Funds			
Special Revenue Trust	Agency Fund	1,925	Operations
General Fund	Employee Benefit Trust	38,262	Operations
Subtotal - Fiduciary Funds		40,187	
Subtotal - Fund Financial Statements		\$ (7,069)	
Less: Fund Eliminations		(12,546)	
Total - Government-Wide Statements		\$ (19,615)	

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**9. Interfund Balances and Activity (Continued)**

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, 2018, the general fund transferred \$901,166 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.

**10. Operating Lease**

The District, as lessee, leases several copiers under two separate leases. The first requires monthly payments of \$684 through October 2020 and the second requires monthly payments of \$1,538 through October 2019.

Future minimum lease payments on these leases are as follows:

Year ended June 30,	
2019	\$ 26,661
2020	14,361
2021	<u>2,737</u>
Total	<u>\$ 43,759</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	Capital Projects	Food Service	Special Revenue Trust	Community Service	Total
Fund Balances:							
<u>Nonspendable:</u>							
Inventory	\$ -	\$ -	\$ -	\$ 7,631	\$ -	\$ -	\$ 7,631
Prepaid Expenses	111,969	-	-	-	-	-	111,969
<u>Restricted for:</u>							
Common School Grant Carry-Over	5,952	-	-	-	-	-	5,952
Food Service	-	-	-	106,421	-	-	106,421
Debt Service Reserve	-	361,726	-	-	-	-	361,726
Donor Restrictions	-	-	-	-	149,797	-	149,797
Capital Projects	-	-	127,359	-	-	-	127,359
<u>Assigned to:</u>							
Community Service	-	-	-	-	-	14,363	14,363
Cash Flow Purposes	-	-	-	-	-	-	-
<u>Unassigned:</u>							
Cash Flow Purposes	2,000,000	-	-	-	-	-	2,000,000
Unassigned	1,061,289	-	-	-	-	-	1,061,289
	<u>\$ 3,179,210</u>	<u>\$ 361,726</u>	<u>\$ 127,359</u>	<u>\$ 114,052</u>	<u>\$ 149,797</u>	<u>\$ 14,363</u>	<u>\$ 3,946,507</u>
Total Fund Balances	<u>\$ 3,179,210</u>	<u>\$ 361,726</u>	<u>\$ 127,359</u>	<u>\$ 114,052</u>	<u>\$ 149,797</u>	<u>\$ 14,363</u>	<u>\$ 3,946,507</u>

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**11. Fund Balances / Net Position (Continued)**

**Net Position**

Net position reported on the government-wide statement of net position at June 30, 2018 includes the following:

Capital Assets net of depreciation	\$ 22,633,267
Less: related long-term debt outstanding	(10,366,043)
Less: premium on debt	(291,845)
Unspent Bond Proceeds	127,359
Total Net Investment in Capital Assets	12,102,738
Restricted	
Common School Grant Carry-Over	5,952
Debt Service	291,384
Food Service	114,052
Special Revenue Trust	149,797
Total Restricted	561,185
Unrestricted	3,581,362
	<b>\$ 16,245,285</b>

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

GASB has adopted GASB Statement No. 83, Certain Asset Retirement Obligations, GASB Statement No. 84, Fiduciary Activities, and GASB Statement No. 87, Leases. When these become effective, application of these standards may restate portions of these financial statements.

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

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**15. Prior Period Adjustment**

Prior period adjustments have been recorded effective July 1, 2017, as follows:

	Governmental Activities
Total net position as previously reported	\$ 15,489,903
Cumulative effect of change in accounting principle (GASB Statement No. 75)	
OPEB - group life insurance plan	(137,730)
Net position, July 1, as restated	<u>\$ 15,352,173</u>

Implementation of GASB Statement No. 75 required net position in the governmental activities to be decreased. The decrease in net position was to reflect the OPEB liability balance as of July 1, 2017 (June 30, 2017 actuarial measurement date) and beginning deferred outflows and inflows of resources for District contributions to the OPEB plan after the June 30, 2017 measurement date through June 30, 2018.

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local	\$ 3,720,203	\$ 3,720,203	\$ 3,789,861	\$ 69,658
Interdistrict	754,781	754,781	762,870	8,089
Intermediate	-	-	5,848	5,848
State	5,834,867	5,834,867	5,841,467	6,600
Federal	85,959	85,959	96,674	10,715
Other	103,630	103,630	122,469	18,839
Total Revenues	<u>10,499,440</u>	<u>10,499,440</u>	<u>10,619,189</u>	<u>119,749</u>
<b>EXPENDITURES</b>				
Instruction:				
Undifferentiated Curriculum	1,908,289	1,908,289	1,871,418	36,871
Regular Instruction	2,780,382	2,780,382	2,862,637	(82,255)
Vocational Instruction	244,450	244,450	240,531	3,919
Physical Instruction	224,271	224,271	226,394	(2,123)
Co-curricular Instruction	175,169	175,169	178,140	(2,971)
Other Special Needs	6,500	6,500	4,160	2,340
Support Service:				
Pupil Services	196,124	196,124	194,560	1,564
Instructional Staff Services	921,959	921,959	905,686	16,273
General Administration Services	357,360	357,360	380,843	(23,483)
Business Administration Services	602,366	602,366	589,397	12,969
Business Services	1,581,124	1,581,124	1,532,793	48,331
Central Services	72,006	72,006	52,692	19,314
Insurance and Judgments	106,741	106,741	102,641	4,100
Principal and Interest	88,805	88,805	88,804	1
Other Support Services	1,481	1,481	20,591	(19,110)
Non-Program Services	362,485	362,485	352,341	10,144
Total Expenditures	<u>9,629,512</u>	<u>9,629,512</u>	<u>9,603,628</u>	<u>25,884</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>869,928</u>	<u>869,928</u>	<u>1,015,561</u>	<u>145,633</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(969,928)	(969,928)	(901,166)	68,762
Total Other Financing Sources and Uses	<u>(969,928)</u>	<u>(969,928)</u>	<u>(901,166)</u>	<u>68,762</u>
Net Change in Fund Balances	(100,000)	(100,000)	114,395	214,395
Fund Balances - Beginning	3,064,815	3,064,815	3,064,815	-
Fund Balances - Ending	<u>\$ 2,964,815</u>	<u>\$ 2,964,815</u>	<u>\$ 3,179,210</u>	<u>\$ 214,395</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State	\$ 352,767	\$ 352,767	\$ 356,369	\$ 3,602
Federal	227,473	227,473	214,126	(13,347)
Total Revenues	<u>580,240</u>	<u>580,240</u>	<u>570,495</u>	<u>(9,745)</u>
<b>EXPENDITURES</b>				
Instruction:				
Special Instruction	1,140,893	1,140,893	1,103,580	37,313
Support Service:				
Pupil Services	181,740	181,740	184,788	(3,048)
Instructional Staff Services	170,332	170,332	137,033	33,299
Business Services	40,952	40,952	32,990	7,962
Central Services	9,000	9,000	2,370	6,630
Non-Program Services	7,251	7,251	10,900	(3,649)
Total Expenditures	<u>1,550,168</u>	<u>1,550,168</u>	<u>1,471,661</u>	<u>78,507</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(969,928)</u>	<u>(969,928)</u>	<u>(901,166)</u>	<u>68,762</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	969,928	969,928	901,166	(68,762)
Total Other Financing Sources and Uses	<u>969,928</u>	<u>969,928</u>	<u>901,166</u>	<u>(68,762)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2018**

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 10,619,189	\$ 570,495
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	570,495	(570,495)
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 11,189,684	\$ -
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 9,603,628	\$ 1,471,661
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	1,471,661	(1,471,661)
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 11,075,289	\$ -

**NEW GLARUS SCHOOL DISTRICT  
WISCONSIN RETIREMENT SYSTEM  
June 30, 2018**

**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 net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
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
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  
June 30, 2018**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	2017*	2016*	2015*	2014*
<b><u>Total Pension Liability</u></b>				
Service Cost	\$ 14,993	\$ 11,942	\$ 11,942	\$ 11,942
Interest	8,518	10,246	11,094	12,454
Changes of Assumptions or Other Inputs	(6,608)	38,662	-	-
Differences Between Expected and Actual Experience	-	59,508	-	-
Benefit Payments	(25,834)	(22,666)	(54,224)	(44,045)
Net Change in Total Pension Liability (Assets)	(8,931)	97,692	(31,188)	(19,649)
Total Pension Liability - Beginning	289,350	191,658	222,846	242,495
Total Pension Liability - Ending (a)	\$ 280,419	\$ 289,350	\$ 191,658	\$ 222,846
<b><u>Fiduciary Net Position</u></b>				
Contributions - Employer	\$ 19,028	\$ 6,772	\$ 32,288	\$ 72,288
Other	-	-	-	25,953
Net Investment Income	15,079	2,103	502	6,895
Benefit Payments	(25,834)	(22,666)	(54,224)	(44,045)
Fund Transfer	-	(120,000)	-	-
Administrative Expense	(1,385)	(2,256)	-	-
Net Change in Fiduciary Net Position	6,888	(136,047)	(21,434)	61,091
Fiduciary Net Position - Beginning	184,925	320,972	342,406	281,315
Fiduciary Net Position - Ending (b)	\$ 191,813	\$ 184,925	\$ 320,972	\$ 342,406
<b><u>Net Pension Liability (Asset)</u></b>				
Net Pension Liability (Asset) - (a) - (b)	\$ 88,606	\$ 104,425	\$ (129,314)	\$ (119,560)
Fiduciary net position as a percentage of the total pension liability	68.40%	63.91%	167.47%	153.65%
Covered Payroll	\$ 2,886,550	\$ 2,886,550	\$ 3,310,328	\$ 3,310,328
Net pension liability (asset) as a percent of covered payroll	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.

**NEW GLARUS SCHOOL DISTRICT  
SUPPLEMENTAL PENSION LIABILITY  
June 30, 2018**

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**

	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)**	\$ 19,152	\$ 19,028	\$ 6,772	\$ 26,865
Contributions in Related to the ADC**	19,152	19,028	32,288	72,288
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,516)</u>	<u>\$ (45,423)</u>
District's covered-employee payroll	\$ 3,028,123	\$ 3,028,123	\$ 2,886,550	\$ 3,310,328
Contributions as a percentage of covered-employee payroll	0.63%	0.63%	1.12%	2.18%

\*\*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  
June 30, 2018**

**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 net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
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
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 the Required Supplemental Information**  
**For The Year Ended June 30, 2018**

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**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, 2018:

Fund	Function	Amount
General	Regular Instruction	\$ 82,255
General	Physical Instruction	2,123
General	Co-curricular Instruction	2,971
General	General Administration Services	23,483
General	Other Support Services	19,110
Special Education	Pupil Services	3,048
Special Education	Non-Program Services	3,649

**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 6 preceding years.

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

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to the Required Supplemental Information**  
**For The Year Ended June 30, 2018**

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**3. Wisconsin Retirement System Schedules (Continued)**

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

**4. Supplemental Pension Liability Schedules**

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

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

***Key methods and assumptions used to calculate actuarially determined contribution:***

Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Amortization Method	30 Year Level %
Discount Rate	3.50%
Amortization Growth Rate	3.00%
Inflation	3.00%

**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 9 preceding years.

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

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

**SUPPLEMENTAL INFORMATION**

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

**Schedule of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2018**

	<u>Balance</u> <u>7/01/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/18</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 45,972	\$ 205,556	\$ 188,970	\$ 62,558
Due From Other Funds	-	1,925	-	1,925
Total Assets	<u>\$ 45,972</u>	<u>\$ 207,481</u>	<u>\$ 188,970</u>	<u>\$ 64,483</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 43	\$ 54,111	\$ 54,154	\$ -
Due to Student Organizations	45,321	103,980	105,390	43,911
Due to Other Funds	608	49,390	29,426	20,572
Total Liabilities	<u>\$ 45,972</u>	<u>\$ 207,481</u>	<u>\$ 188,970</u>	<u>\$ 64,483</u>

New Glarus School District  
New Glarus, Wisconsin

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2018

	Food Service	Community Service Fund	Special Revenue Trust	Capital Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 133,495	\$ 14,363	\$ 140,624	\$ -	\$ 288,482
Restricted Cash and Investments	-	-	-	151,451	151,451
Receivables:					
Accounts	1,871	-	11,855	-	13,726
Other	4,392	-	-	-	4,392
Due from Other Funds	864	-	-	-	864
Due from Other Governments	3,548	-	-	-	3,548
Inventories	7,631	-	-	-	7,631
Total Assets	\$ 151,801	\$ 14,363	\$ 152,479	\$ 151,451	\$ 470,094
<b>LIABILITIES</b>					
Accounts Payable	\$ 14,348	\$ -	\$ 757	\$ 12,046	\$ 27,151
Accrued Liabilities	4,928	-	-	-	4,928
Due to Other Funds	-	-	1,925	12,046	13,971
Deposits	18,473	-	-	-	18,473
Total Liabilities	\$ 37,749	\$ -	\$ 2,682	\$ 24,092	\$ 64,523
<b>FUND BALANCES</b>					
Nonspendable	7,631	-	-	-	7,631
Restricted	106,421	-	149,797	127,359	383,577
Assigned	-	14,363	-	-	14,363
Total Fund Balances	\$ 114,052	\$ 14,363	\$ 149,797	\$ 127,359	\$ 405,571
Total Liabilities and Fund Balances	\$ 151,801	\$ 14,363	\$ 152,479	\$ 151,451	\$ 470,094

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, 2018

	Food Service	Community Service Fund	Special Revenue Trust	Capital Projects	Total Non-Major Governmental Funds
<b>REVENUES</b>					
Local	\$ 347,957	\$ -	\$ 176,831	\$ 1,713	\$ 526,501
State	6,721	-	-	-	6,721
Federal	147,414	-	-	-	147,414
Total Revenues	502,092	-	176,831	1,713	680,636
<b>EXPENDITURES</b>					
Instruction					
Undifferentiated Curriculum	-	-	5,376	-	5,376
Regular Instruction	-	-	32,529	-	32,529
Vocational Instruction	-	-	87	-	87
Physical Instruction	-	-	5,689	-	5,689
Co-curricular Instruction	-	-	106,252	-	106,252
Total Instruction	-	-	149,933	-	149,933
Support Services					
Pupil Services	-	-	6,299	-	6,299
Instructional Staff Services	-	-	500	-	500
General Administration Services	-	-	748	-	748
Business Services	-	1,172	-	12,421	13,593
Food Service	481,101	-	-	-	481,101
Total Support Services	481,101	1,172	7,547	12,421	502,241
Total Expenditures	481,101	1,172	157,480	12,421	652,174
Net Change in Fund Balances	20,991	(1,172)	19,351	(10,708)	28,462
Fund Balances - Beginning	93,061	15,535	130,446	138,067	377,109
Fund Balances - Ending	\$ 114,052	\$ 14,363	\$ 149,797	\$ 127,359	\$ 405,571

New Glarus School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Pass-Through Entity ID Number	(Accrued Receivable) Deferred Revenue July 1, 2017	Revenues Grantor Reimbursements	Expenditures	Accrued Receivable June 30, 2018
<i>U.S. DEPARTMENT OF AGRICULTURE</i>						
Wisconsin Department of Public Instruction:						
Child Nutrition Cluster:						
Food Distribution - Donated Commodities July 1, 2017 - June 30, 2018	10.555	Not Available	\$ -	\$ 32,071	\$ 32,071	\$ -
National School Lunch Program July 1, 2016 - June 30, 2017	10.555	2018-233934-NSL-547	(3,451)	3,451	-	-
July 1, 2017 - June 30, 2018			-	98,472	101,588	3,116
National School Breakfast Program July 1, 2016 - June 30, 2017	10.553	2018-233934-SB-546	(430)	430	-	-
July 1, 2017 - June 30, 2018			-	13,322	13,755	433
Total Child Nutrition Cluster			(3,881)	147,746	147,414	3,549
TOTAL U.S. DEPARTMENT OF AGRICULTURE			(3,881)	147,746	147,414	3,549
<i>U.S. DEPARTMENT OF JUSTICE</i>						
Wisconsin Department of Public Instruction:						
National Institute of Justice Research, Evaluation, and Development Projects						
July 1, 2016 - June 30, 2017	16.560	Not Available	(7,722)	7,722	-	-
July 1, 2017 - June 30, 2018			-	2,764	2,764	-
TOTAL U.S. DEPARTMENT OF JUSTICE			(7,722)	10,486	2,764	-
<i>U.S. DEPARTMENT OF EDUCATION</i>						
Wisconsin Department of Public Instruction:						
Title I						
July 1, 2017 - June 30, 2018	84.010	2018-233934-Title I-141	-	18,140	46,281	28,141
Title II - Part A						
July 1, 2017 - June 30, 2018	84.367	2018-233934-Title II-365	-	14,456	14,456	-
Special Education Cluster:						
Handicapped Pre-School and School Programs						
July 1, 2016 - June 30, 2017	84.027	2018-233934-IDEA-341	(49,133)	49,133	-	-
July 1, 2017 - June 30, 2018			-	90,462	147,232	56,770
IDEA CEIS Entitlement						
July 1, 2016 - June 30, 2017	84.027	2018-233934-IDEA-341	(14,496)	14,496	-	-
July 1, 2017 - June 30, 2018			-	17,580	25,801	8,221
Preschool Entitlement						
July 1, 2016 - June 30, 2017	84.173	2018-233934-Pre-S-347	(3,932)	3,932	-	-
July 1, 2017 - June 30, 2018			-	2,938	5,819	2,881
Total Special Education Cluster			(67,561)	178,541	178,852	67,872
TOTAL U.S. DEPARTMENT OF EDUCATION			(67,561)	211,137	239,589	96,013
<i>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>						
Wisconsin Department of Health Services						
School Based Services						
July 1, 2016 - June 30, 2017	93.778	Not Available	(9,924)	9,924	-	-
July 1, 2017 - June 30, 2018			-	68,448	68,448	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			(9,924)	78,372	68,448	-
TOTALS			\$ (89,088)	\$ 447,741	\$ 458,215	\$ 99,562

See notes to Schedules of Expenditures of Financial Awards

New Glarus School District  
Schedule of Expenditures of State Awards  
For the Year Ended June 30, 2018

Administering Agency Pass-Through Agency Award Description	State I.D. Number	Pass-Through Entity ID Number	(Accrued Receivable) Deferred Revenue July 1, 2017	Revenues State Reimbursements	Expenditures Grantor	Accrued Receivable (Deferred Revenue) June 30, 2018
<i>Entitlement Programs</i>						
Special Education and School Age Parents Direct State Payments	255.101	233934-100	\$ -	\$ 334,958	\$ 334,958	\$ -
<i>Cost Reimbursement Programs</i>						
State Lunch	255.102	233934-107	\$ -	\$ 4,735	\$ 4,735	\$ -
Morning Milk	255.115	233934-109	-	990	990	-
State Breakfast	255.344	233934-108	-	995	995	-
Total Cost Reimbursement Programs			\$ -	\$ 6,720	\$ 6,720	\$ -
<i>Other Aids</i>						
General Equalization	255.201	233934-116	\$ (92,702)	\$ 5,363,674	\$ 5,362,250	\$ 91,278
Common School Fund	255.103	233934-104	-	33,812	33,812	-
Pupil Transportation	255.107	233934-102	-	22,446	22,446	-
High Cost Special Education Aid	255.210	233934-119	-	21,411	21,411	-
Educator Effectiveness Grant	255.940	233934-154	-	6,560	6,560	-
Per Pupil Adjustment Aid	255.945	233934-113	-	400,500	400,500	-
Career and Technical Education Incentive Grants	255.950	233934-152	-	2,534	2,534	-
Assessments of Reading Readiness	255.956	233934-166	-	1,806	1,806	-
Total Other Aids			\$ (92,702)	\$ 5,852,743	\$ 5,851,319	\$ 91,278
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			\$ (92,702)	\$ 6,194,421	\$ 6,192,997	\$ 91,278

See notes to Schedules of Expenditures of Financial Awards

**NEW GLARUS SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of**  
**Federal and State Awards**  
**For the Year Ended June 30, 2018**

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**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**

2017-2018 eligible costs under the State Special Education Program are \$1,293,989.

**Note 4            Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed (\$32,071).

**Note 5            Medical Assistance**

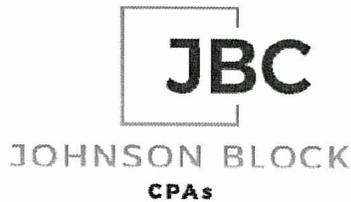
Expenditures presented for the Medicaid SBS Benefit represent only the federal funds for the program that the District receives from DHS. District records should be consulted to determine the total amount expended for this program.

**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, 2018, 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 November 5, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 #2018-001 and #2018-002 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 determination of financial statement amounts. 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

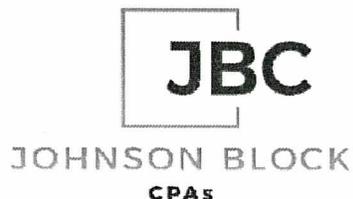
New Glarus School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express 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.  
Certified Public Accountants  
Mineral Point, Wisconsin  
November 5, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH STATE PROGRAM  
WITH REQUIRED PROCEDURES 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 could have a direct and material effect on each of New Glarus School District's state programs with required procedures for the year ended June 30, 2018. New Glarus School District's state programs that have required procedures 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 compliance for each of the District's state programs with required procedures 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 state programs with required procedures occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

### Report on Internal Control Over Compliance

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

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

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 #2018-001 and #2018-002, that we consider to be significant deficiencies.

### New Glarus School District's Response to Findings

The 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 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 intended 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.  
Certified Public Accountants  
Mineral Point, Wisconsin  
November 5, 2018

**NEW GLARUS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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

Internal control over major programs:

- \* Material weakness identified? No
- \* Significant deficiencies identified? Yes

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

Any audit findings disclosed that are required to be Reported in accordance with the *Wisconsin Public School District Audit Manual*?: No

Identification of major state programs:

<u>ID Number</u>	<u>Name of State Program or Cluster</u>
255.201	Equalization Aid

Dollar threshold for distinguishing Types A and B programs: \$250,000

Other Programs with Limited Required Procedures

Internal control over programs with required procedures:

- \* Material weakness identified? No
- \* Significant deficiencies identified? Yes

Any audit findings disclosed that are required to be Reported in accordance with the *Wisconsin Public School District Audit Manual*?: No

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

**NEW GLARUS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Section II – Financial Statement Findings**

Finding #2018-001 – Segregation of Duties (This was a 2017 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 #2018-002 – Preparation of Financial Statements in Accordance with GAAP (This was a 2017 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.

**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.

**NEW GLARUS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Section II – Financial Statement Findings (Continued)**

Finding #2018-002 – Preparation of Financial Statements in Accordance with GAAP (This was a 2017 Finding) (Continued)

**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 #2018-001 and #2018-002 apply to internal control procedures over state awards.

**NEW GLARUS SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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#2017-001 - This is still a finding. See #2018-001

#2017-002 - This is still a finding. See #2018-002

Finding #2018-003 – Preparation of the Schedules of Expenditures of Federal and State Awards in Accordance with GAAP

**Current Status:** While the auditor prepares the schedules of expenditures of federal and state awards with information provided by the District and that is accessible via the Department of Instruction, it is the auditor's belief that the District has the necessary knowledge and competence to complete the schedules. Currently, the District does review and approve the schedules prior to them being issued. Additionally, the auditor did not have any journal entries to record federal and state awards in the general ledger.

**NEW GLARUS SCHOOL DISTRICT  
NEW GLARUS, WISCONSIN**

**REQUIRED AUDIT COMMUNICATIONS  
TO THE DISTRICT BOARD**

**Year Ended June 30, 2018**

**Johnson Block & Company, Inc.  
Certified Public Accountants  
2500 Business Park Road  
Mineral Point, Wisconsin 53565  
(608) 987-2206**

**NEW GLARUS SCHOOL DISTRICT  
NEW GLARUS, WISCONSIN**

**Year Ended June 30, 2018**

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JOHNSON BLOCK  
CPAs

**AUDIT MATTERS REQUIRING COMMUNICATION  
TO THE GOVERNING BODY**

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Glarus School District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 26, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to other postemployment benefits by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in 2017-2018. Accordingly, the cumulative effect of the accounting change as the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Depreciation

Management's estimate of the depreciable lives of property and equipment are based on the expected use of the respective assets and management's experience with similar assets used by the District.

Actuarial Valuations

The District hired an actuary to provide an actuarial valuation, as of June 30, 2017, of the supplemental pension benefit plan offered to retired employees of the District. The actuarial computations reported were prepared solely to provide sufficient information for the District to comply with GASB 68 accounting requirements. Computations for other purposes may differ significantly from the results reported by the actuary.

#### Net Pension Asset – WRS

Management's estimate of the net pension asset and deferred outflows and inflows of resources is computed by an actuarial valuation performed by an actuary hired by the state retirement system. We evaluated the key factors and assumptions used to develop the asset (liability) in determining that it is reasonable in relation to the financial statements taken as a whole.

#### Net Other Post-Employment Benefit Liability – Life Insurance

Management's estimate of the net other post-employment benefit liability and deferred outflows and inflows of resources is computed by an actuarial valuation performed by an actuary hired by the state retirement system. We evaluated the key factors and assumptions used to develop the asset (liability) in determining that it is reasonable in relation to the financial statements taken as a whole.

#### Compensated Absences

Management's estimate of the vested sick and vacation leave is based on the probability of employees meeting the requirement to be paid for sick and vacation leave at the time of retirement.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Appendix 1 summarizes misstatements detected as a result of audit procedures that were corrected by management. Appendix 2 summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 5, 2018.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on these statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the Schedule of Funding Progress for Other Post-Employment Benefits Plans, Wisconsin Retirement System schedules, and budgetary comparison information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules of awards, which accompanies the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the District Board and management of the New Glarus School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
Certified Public Accountants  
Mineral Point, Wisconsin  
November 5, 2018

## OTHER MANAGEMENT LETTER COMMENTS

### NSF Accounts

During the audit, we noted general ledger accounts have been setup to track checks that the District receives with non-sufficient funds (NSF). As of June 30, 2018, these accounts had balances that totaled \$7,359. Additionally, it was noted that the majority of the year-end balances were from amounts that were not properly cleared in prior years. We recommend that these accounts be reconciled and/or cleared to properly present the NSF checks going forward.

### Fiduciary Activities

The Governmental Accounting Standards Board (GASB) issued Statement No. 84, Fiduciary Activities, effective for fiscal years beginning after December 15, 2018. It must be implemented for fiscal year 2019-2020.

For activities that are not pension plans or OPEB plans, Statement No. 84 provides criteria for governments to determine if a fiduciary activity exists and should be reported as a fiduciary fund in the basic financial statements. The criteria centers on the control of assets and the beneficiaries with whom the fiduciary relationship exists.

Practical considerations before implementing GASB Statement No. 84 include the following:

1. Evaluate the types of assets the District controls. Part of this evaluation includes determining the extent of administrative or direct financial involvement with the assets.
  - a. If your District has student activity funds and it is determined that a District employed advisor has administrative involvement with the funds or makes most of the decisions on how the funds are spent, those accounts would need to be moved to the general fund or to a special revenue trust fund.
  - b. If the District has administrative or direct financial involvement with scholarship funds, review scholarship trust agreements to ensure activities are in accordance with agreements. Scholarships not governed by trust agreements likely need to be moved to the general fund or to a special revenue trust fund.
2. The use of agency funds has been eliminated and replaced with custodial funds. Agency funds only required the presentation of assets and liabilities, whereas custodial funds will also require a statement of changes in fiduciary net position.
3. Statement No. 84 allows for a government to use a fiduciary fund for pass-through grants where the government does not have administrative or direct financial involvement with the grant.

## CONCLUDING REMARKS

We would like to thank you for allowing us to serve you. We are committed to assisting you in the long-term financial success of the New Glarus School District and our comments are intended to draw to your attention issues which need to be addressed by the District to meet its goals and responsibilities.

The comments in this communication are not intended to reflect in any way on the integrity or ability of the personnel of the District. They are made solely in the interest of establishing sound internal control practices required by changing professional standards. The District's staff is deeply committed to maintaining the financial reporting system so that informed decisions can be made. They were receptive to our comments and suggestions.

We will review the status of these comments during each audit engagement.

If you have any questions or comments regarding this communication or the financial statements, do not hesitate to contact us.

## **Appendix 1 – Adjusting Journal Entries**

**NEW GLARUS SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2018**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1001</b>			
To record Fund 73 Investment Activity			
73 A 000 000 712204 000	EMPLOYEE BENEFIT TRUST INV	9,677.96	
73 A 000 000 712205 000	TRUST - TERM - TCH SICK LEAVE	5,955.86	
73 E --- 3-- 252000 ---	FISCAL	1,862.83	
73 R --- 280 -----	INTEREST ON INVESTMENTS		15,748.95
73 R --- 957 -----	UNREAL GAINS ON INVESTMENTS		1,747.70
<b>Total</b>		<b><u>17,496.65</u></b>	<b><u>17,496.65</u></b>
<b>Adjusting Journal Entries JE # 1002</b>			
CLIENT ENTRY: To record current year sick leave contribution to Fund 73.			
10 E --- 2-- 291000 ---	HEALTH BEN	19,110.00	
73 A 000 000 714100 000	Due from General Fund	19,110.00	
10 L 000 000 812000 000	DUE TO OTHER FUNDS		19,110.00
73 R --- 959 -----	TCH SCK LV - OTHER CONTR		19,110.00
<b>Total</b>		<b><u>38,220.00</u></b>	<b><u>38,220.00</u></b>
<b>Adjusting Journal Entries JE # 1003</b>			
CLIENT ENTRY: To record current year Fund 73 Years of Service ADC.			
10 E --- 2-- 110000 ---	UNDIF C	7,079.53	
10 E --- 2-- 120000 ---	REG. CU	7,079.53	
10 E --- 2-- 131000 ---	AG	372.61	
10 E --- 2-- 141000 ---	HEALTH	63.34	
10 E --- 2-- 143000 ---	PHY-ED	1,054.48	
10 E --- 2-- 213000 ---	GUIDANC	670.69	
10 E --- 2-- 222000 ---	LIBRARY	372.61	
10 E --- 8-- 411000 ---	OPERATING TRANS	2,459.21	
27 A 000 000 711000 000	CASH	2,459.21	
27 E --- 2-- 156600 ---	S&L	1,043.30	
27 E --- 2-- 158000 ---	C.C.	1,117.82	
27 E --- 2-- 218100 ---	OT	298.09	
73 A 000 000 714100 000	Due from General Fund	19,152.00	
10 A 000 000 711000 000	CASH		2,459.21
10 L 000 000 812000 000	DUE TO OTHER FUNDS		16,692.79
27 L 000 000 812000 000	Due to Other Funds		2,459.21
27 R --- 110 -----	OPERATING TRANSFER/GENERAL		2,459.21
73 R --- 951 -----	DISTR CONTR TO EE BENEFIT		19,152.00
<b>Total</b>		<b><u>43,222.42</u></b>	<b><u>43,222.42</u></b>
<b>Adjusting Journal Entries JE # 1004</b>			
CLIENT ENTRY: SPED Corrections - SPED IEP and Transfer check 57050 Bilingual Serv.			
27 E --- 1-- 159200 ---	SHRT TR	2,468.00	
27 E --- 1-- 221300 ---	INS-TRA		2,468.00
<b>Total</b>		<b><u>2,468.00</u></b>	<b><u>2,468.00</u></b>

**NEW GLARUS SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2018**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1005</b>			
CLIENT ENTRY: SPED - Transfer stipends and check number 56891			
27 E --- 1-- 158000 ---	C.C.	247.32	
27 E --- 3-- 158000 ---	C.C.		247.32
<b>Total</b>		<u><u>247.32</u></u>	<u><u>247.32</u></u>
<b>Adjusting Journal Entries JE # 1006</b>			
CLIENT ENTRY: PC Trans. that did not post			
10 E --- 3-- 431000 ---	NON-OPN	152.00	
10 E --- 4-- 110000 ---	UNDIF C	1,568.05	
10 E --- 4-- 120000 ---	REG. CU	848.16	
10 A 000 000 711000 000	CASH		2,568.21
<b>Total</b>		<u><u>2,568.21</u></u>	<u><u>2,568.21</u></u>
<b>Adjusting Journal Entries JE # 1007</b>			
CLIENT ENTRY: Annual Report Corrections - State Tax Exempt Computer Aid			
10 R --- 691 -----	EXEMPT COMPUTER AID	0.01	
10 A 000 000 715500 000	DUE FROM STATE		0.01
<b>Total</b>		<u><u>0.01</u></u>	<u><u>0.01</u></u>
<b>Adjusting Journal Entries JE # 1008</b>			
CLIENT ENTRY: Misc. Year-End - Final Taher Billing, AP College Board, Credit Reimb., TSF Bus Transp.			
10 A 000 000 711000 000	CASH	4,278.00	
10 E --- 1-- 256210 ---	TRANSPR	2,574.00	
10 E --- 2-- 256210 ---	TRANSPR	173.80	
10 E --- 2-- 256210 ---	TRANSPR	196.91	
10 E --- 2-- 264400 ---	NON INSTR STAFF	2,000.00	
22 R --- 291 -----	GIFTS	4,278.00	
50 E --- 3-- 257000 ---	FOOD SE	14,331.69	
10 E --- 1-- 110001 ---	SUMMER		2,574.00
10 E --- 2-- 110001 ---	SUMMER		173.80
10 E --- 2-- 110001 ---	SUMMER		196.91
10 E --- 2-- 241000 ---	PRINCIP		2,000.00
10 R --- 292 -----	STUDENT FEES		4,278.00
22 A 000 000 711000 000	CASH		4,278.00
50 L 000 000 811200 000	A/P ACCRUAL		14,331.69
<b>Total</b>		<u><u>27,832.40</u></u>	<u><u>27,832.40</u></u>

## **Appendix 2 – Passed Journal Entries**

NEW GLARUS SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2018

Account	Description	Debit	Credit
<b>Proposed Journal Entries</b>			
<b>Proposed Journal Entries JE # 4001</b>			
To write-off old balances in NSF accounts			
10 E -- 1- 110000 ---	UNDIF C	5,732.65	
60 L 000 000 160001 000	GENERAL FUND	1,626.51	
10 A 000 000 711015 000	NSF CHECKS		5,732.65
60 A 000 000 711015 000	NSF CHECKS		1,626.51
<b>Total</b>		<u><u>7,359.16</u></u>	<u><u>7,359.16</u></u>
	<b>Total Proposed Journal Entries</b>	<u><u>7,359.16</u></u>	<u><u>7,359.16</u></u>
	<b>Total All Journal Entries</b>	<u><u>7,359.16</u></u>	<u><u>7,359.16</u></u>

**BUDGET ASSUMPTIONS 2019 - 20**

**01/28/19**

ROLLED SEPTEMBER STUDENT COUNT FORWARD

EC - 0 = 0 FTE  
4K - 60 = 36 FTE  
K - 12 = 887 FTE  
Total FTE = 901

SUMMER SCHOOL FTE

34 FTE \*.4 = 14 FTE

THREE YEAR ROLLING AVERAGE IS 904

OPEN ENROLLMENT -

24 OUT @ \$7,479 - 3 sped @12,431  
106 IN @ \$7,479 - 3 sped a@ 12,431

PER PUPIL CATEGORICAL AID - \$630 PER FTE

SALARY ADJUSTMENT - 4%

BENEFIT ADJUSTMENT

HEALTH - 5%  
DENTAL - 5%

OTHER EXPENSE ADJUSTMENT

SKYWARD SOFTWARE - 5%  
DISTRICT INSURANCE - 5%  
UTILITIES - 0%

**POSSIBLE ADDITIONS**

HS ENGLISH	96,000
HS Business	96,000
HS Youth Apprenticeship Coordinator	16,000
MS Band Increase from 70% to 100%	35,000
Add ons for National Board	15,000
Hard to fill areas from 18 -19 Budget	30,000
	<hr/>
	<b>288,000</b>

**POSSIBLE REDUCTIONS**

Safety (On-time add-on 18-19 budget)	(20,000)
Transportation (On-time add-on 18-19 budget)	(30,000)
Capital Maint (On-time add-on 18-19 budget)	(95,267)
Utilities (On-time add-on 18-19 budget)	(30,000)
	<hr/>
	<b>(175,267)</b>

REVENUE	11,678,471
EXPENSE	(11,637,490)
	<hr/>
<b>DEFICIT/EXCESS</b>	<b>40,981</b>

## **Long Term Capital Improvement Trust Fund (Fund 46)** **Wisconsin Statute 120.137 (2013 ACT 336)**

A school board with an approved long-term capital improvement plan (minimum of 10 years) may establish a “trust” that is funded with a transfer from the general fund. The contribution from Fund 10 to Fund 46 (Long-term Capital Improvement Trust Fund) is recorded as the expenditure for shared cost and equalization aid purposes. Future expenditures from Fund 46 are not part of shared costs. A school board is prohibited from removing money deposited into Fund 46 for a period of five years after the fund is created. After the initial five year wait period is over, funds may only be used for the purposes identified in the approved long-term capital improvement plan. Fund 46 assets may not be transferred to any other school district fund.

Although Fund 46 is not a legally established irrevocable trust, statutory restrictions give the Long-term Capital Improvement Trust Fund similar characteristics. Rather than funds being held in trust for another party (e.g. future employee benefits in an OPEB trust), funds are being held in “trust” for future capital improvement projects. The resources in Fund 46 may not be used for any purpose other than that for which the “trust” was established. For this reason a separate checking and/or investment account for these funds is required.

### Board actions required by June 30th of fiscal year in which Fund 46 is established:

1. Approve the long-term capital improvement plan (minimum of 10 years).
2. Pass the resolution creating the Long-term Capital Improvement Trust Fund.

### To utilize DPI accounts to record the Fund 10 transfer, provide copies of the following documents:

1. Official Board minutes approving the long-term capital improvement plan.
2. Signed resolution creating the Long-term Capital Improvement Trust Fund or official minutes documenting the creation of the fund.
3. Documentation that confirms the existence of a segregated bank/investment account.

### Limitations regarding Fund 46 activities and access to funds:

1. Funds may only be accessed five years after the establishment of the “trust” fund.
2. Fund balance may not be used for general fund cash flow purposes.
3. Funds may not be transferred to another fund or liquidated.
4. Loaning of money for other purposes or to other funds is not allowed.
5. Funds must be physically deposited and held in a segregated bank/investment (separate and distinct from other district accounts) until they are expended for capital improvement projects per the district’s plan.
6. Funds invested as per sec. 66.0603, Wis. Stats.

### Accounting Transactions

All accounting transactions must be cash transactions. The contribution must be a cash payment into the Fund 46 bank/investment account from the district’s general fund account(s). If the cash deposit to the Fund 46 account is posted by the financial institution after June 30<sup>th</sup>, but on or before July 30<sup>th</sup>, the district may record the transaction as a June 30<sup>th</sup> accrual.

For additional information or document submission contact Roger Kordus:  
[Roger.Kordus@dpi.wi.gov](mailto:Roger.Kordus@dpi.wi.gov) or (608) 267-3752.

WUFAR Transaction Codes

10E 411000 846	Transfer to Capital Improvement Trust Fund (contribution)
10B 812000	Due to Fund 46
46R 411000 110	Transfer from General Fund (contribution)
46R 000000 280	Earnings—Investments
46B 711000	Cash
46B 712000	Investments
46B 713300	Interest Receivable
46B 714000	Due from Fund 10
46B 936900	Restricted Fund Balance

Fund 46 Accounting Examples

District Transfer Prior to Year-End

Cash	DR	46B 711000	\$xxx,xxx	
Transfer from Fund 10		CR 46R 411000 110		\$xxx,xxx
Transfer to Fund 46	DR	10E 411000 846	\$xxx,xxx	
Cash		CR 10B 711000		\$xxx,xxx
(To record transfer from Fund 10 to Fund 46)				

District Transfer After Year-End (Deposit made between 7/1-7/30)

Due From Fund 10	DR	46B 714000	\$xxx,xxx	
Transfer from Fund 10		CR 46R 411000 110		\$xxx,xxx
Transfer to Fund 46	DR	10E 411000 846	\$xxx,xxx	
Due to Fund 46		CR 10B 812000		\$xxx,xxx
(To record transfer from Fund 10 to Fund 46)				

Cash	DR	46B 711000	\$xxx,xxx	
Due From Fund 10		CR 46B 714000		\$xxx,xxx
Due to Fund 46	DR	10B 812000	\$xxx,xxx	
Cash		CR 10B 711000		\$xxx,xxx
(To record cash payment from Fund 10 to Fund 46 in July)				