

**CLINTON COMMUNITY SCHOOL DISTRICT**  
Clinton, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

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

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability (asset), schedule of contributions, schedule of changes in net other postemployment benefits liability and related ratios - health insurance, and schedule of proportionate share of the net OPEB liability—Local Retiree Life Insurance Fund, and, as listed on 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 Clinton Community School District's basic financial statements. The combining general fund financial statements, the combining nonmajor fund financial statements, and the agency fund schedule of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Wisconsin Department of Public Instruction, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the Clinton Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clinton Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton Community School District's internal control over financial reporting and compliance.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 15, 2019

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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The discussion and analysis of the financial performance of the Clinton Community School District (District) provides an overview of financial activities for the fiscal year ended June 30, 2019. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The District's government-wide financial statements reflect the following:

- Total net position of the District increased to \$17,707,864 at June 30, 2019, an increase of 8.17%.
- Total governmental activity revenues increased to \$16,368,096 in fiscal year 2019, an increase of 3.52%.
- Total governmental activity expenses increased to \$15,151,744 in fiscal year 2019, an increase of 0.48%.

The District's governmental fund financial statements reflect the following:

- Total fund balances of the District's governmental funds increased \$1,231,582 in fiscal year 2019. This increase included a \$164,864 increase in the general fund and a \$1,066,718 increase in the nonmajor governmental funds.
- The fund balance for all governmental funds at June 30, 2019 was \$6,037,054. Of this amount, \$3,586 was restricted for special education, \$628,721 was restricted for debt service, \$125,517 was restricted for special revenue funds, \$1,312,553 was restricted for capital projects, and \$3,966,677 remains unassigned.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. Those basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information supplementary to the basic financial statements.

**District-wide financial statements**

*District-wide financial statements* report information about the District as a whole, using accounting methods similar to those used by private sector companies.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered. The District does not have any proprietary funds and fiduciary funds are not included in the statement of net position.

The *statement of activities* includes all revenues and expenses of the District, irrespective of when cash is actually received or paid out. The intent of the district-wide statements is to provide a snapshot of the District's net position and to provide an explanation of material changes that occurred since the prior year.

**Fund financial statements**

The *fund financial statements* provide detailed information about the District's significant funds rather than the District as a whole. A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, revenues, and expenditures. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental and fiduciary. Table 1 summarizes the various features of each of these funds.

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances remaining at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided that explains the relationship between them.
- *Fiduciary funds*—The District serves as a fiduciary for student organizations. The District is also responsible for other assets that can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Table 1**  
**Major Features of the District-wide and Fund Financial Statements**

	<b>District-wide</b>	<b>Fund Financial Statements</b>	
	<b>Statements</b>	<b>Governmental</b>	<b>Fiduciary</b>
<b>Scope</b>	Entire district (except fiduciary funds).	The activities of the District that is not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	The District acts as trustee or agent for another; e.g. other post employment trusts
<b>Required Financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
<b>Type of asset, deferred inflow/outflow or resources, and liability information</b>	All assets, deferred inflows/outflows of resources, and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
<b>Type of inflow and outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues when cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 20-47 of this report.

**Other Information**

Required supplementary information (RSI) includes a budget-to-actual comparison that provides readers with information about the accuracy with which management was able to project the District's revenues and expenditures. In addition, the RSI includes information concerning the District's other post-employment benefits (OPEB) liabilities and certain details of the District's net pension liability (asset).

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

The District ended its fiscal year with net position of \$17,707,864 of which \$11,822,829 was net investment in capital assets, \$619,120 was restricted for debt service, \$1,312,553 was restricted for capital projects, and \$3,953,362 was unrestricted. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

**Table 2**  
**Condensed Statement of Net Position**  
*(in thousands of dollars)*

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>% Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 9,503	\$ 9,291	2.28%
Capital assets	14,309	14,399	-0.63%
<b>Total assets</b>	23,812	23,690	0.51%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	7,303	4,284	70.47%
<b>LIABILITIES</b>			
Long-term liabilities	4,880	3,992	22.24%
Other liabilities	3,474	3,055	13.72%
<b>Total liabilities</b>	8,354	7,047	18.55%
<b>DEFERRED INFLOWS OF RESOURCES</b>	5,053	4,435	13.93%
<b>NET POSITION - AS RESTATED</b>			
Net investment in capital assets	11,823	11,330	4.35%
Restricted	1,932	1,985	-2.67%
Unrestricted	3,953	3,177	24.43%
<b>Total net position</b>	<b>\$ 17,708</b>	<b>\$ 16,492</b>	7.37%

**Governmental Activities**

Table 3 demonstrates that on a District-wide basis the District ended fiscal year 2019 with an increase in net position of \$1,216,352 compared to an increase of \$1,057,241 in fiscal year 2018.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

**Changes in Net Position**

The District received \$16,368,096 in revenue for the fiscal year 2019. The District relies primarily on property taxes (30.8% of total governmental revenues), and state equalization aid (44.4%) to fund governmental activities. The District received approximately 19.3% in the form of specific use state grants, federal aid and direct fees for services. Individuals who directly participated or benefited from a program paid 9.4% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services. Federal and state governments subsidized certain programs with grants and awards of \$2,391,005. Operating grants include Title I, IDEA, Child Nutrition, and State Special Education.

**Table 3**  
**Changes in Net Position from Operating Results**  
*(in thousands of dollars)*

<b>REVENUES</b>	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>% Change</b>
Program revenues			
Charges for services	\$ 1,534	\$ 1,515	1.25%
Operating grants	1,632	1,284	27.10%
General revenues			
Property taxes	5,047	5,294	-4.67%
General aid	7,274	7,622	-4.57%
Other	881	565	55.93%
<b>Total revenues</b>	<b>16,368</b>	<b>16,280</b>	<b>0.54%</b>
<b>EXPENSES</b>			
Instruction	7,490	7,408	1.11%
Pupil and instructional services	1,004	1,219	-17.64%
Administration and business	4,418	4,723	-6.46%
Interest on debt	63	67	-5.97%
Other	2,177	1,808	20.41%
<b>Total expenses</b>	<b>15,152</b>	<b>15,225</b>	<b>-0.48%</b>
<b>Change in net position</b>	<b>\$ 1,216</b>	<b>\$ 1,055</b>	<b>15.26%</b>

Table 4 presents the cost of governmental activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2019

**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

The cost of all governmental activities this year was \$15,151,744. Individuals who directly participated or benefited from a program offering paid for \$1,533,933 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$1,631,753. The net cost of governmental activities \$11,986,058 was financed by \$5,047,074 of property taxes and \$8,033,677 of federal and state unrestricted aid.

**Table 4**  
**Net Cost of Governmental Activities**  
*(in thousands of dollars)*

	Total Cost of Services	Net Cost of Services
<b>EXPENSES</b>		
Instruction	\$ 7,490	\$ (4,932)
Pupil and instructional services	1,004	(964)
Administration and business	4,418	(3,868)
Interest on debt	63	(63)
Other	2,178	(2,159)
<b>Total expenses</b>	<b>\$ 15,153</b>	<b>\$ (11,986)</b>

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

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$6,037,054, up from last year's ending fund balance of \$4,805,472. The District's unassigned fund balance, available for spending at the District's discretion was \$3,966,677.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2019 the, District had \$24,390,771 in capital assets, including land, buildings, and furniture and equipment. Total accumulated depreciation on these assets was \$10,081,278. Asset acquisitions for governmental activities totaled \$445,913 and a prior period adjustment of \$288,671. The District recognized depreciation expense of \$633,187.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

Detailed information about capital assets can be found in Note 3 to the financial statements.

**Table 5**  
**Capital Assets**  
*(in thousands of dollars)*

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Land	\$ 437	\$ 437
Buildings	19,590	19,527
Furniture and equipment	4,364	3,904
Accumulated depreciation	(10,082)	(9,469)
Net capital assets	<b>\$ 14,309</b>	<b>\$ 14,399</b>

**Long-term Obligations**

At June 30, 2019, the District had \$1,825,000 in general obligation debt outstanding—a decrease of \$810,000 from fiscal year 2018. The District did not issue or defease any debt during the year. Debt of the District is secured by a tax levy adopted by the school board at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments.

**Table 6**  
**Outstanding Long-term Obligations**  
*(in thousands of dollars)*

	<b>2019</b>	<b>2018</b>
G.O. bonds	\$ 1,825	\$ 2,635
Other postemployment benefits - health insurance	450	652
Other postemployment benefits - life insurance	228	270
Net pension liability - WRS	1,715	-
Capital leases	662	543
Total	<b>\$ 4,880</b>	<b>\$ 4,100</b>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

While the District's original budget for the general fund anticipated that revenues and other financing sources would equal expenditures and other financing uses, the actual results for the year ended June 30, 2019 had revenues and other financing sources exceeding District expenditures. This allowed for a transfer to the capital improvement fund of \$830,000 and it also allowed for a general fund increase of \$164,867.

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

The District's revenue is dependent on the State's Funding Formula. The State provided some increases in the most recent biennial budget, however, operating expense increases are anticipated to be higher than the allowed budget increases. Hopefully, the student membership count continues on an upward trend which would provide additional revenue.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The 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:

Sarah Duncan, Director of Business Services, at [saduncan@clintonwis.com](mailto:saduncan@clintonwis.com).

Additional information about the District and its services can also be found on the District's website at <https://www.clinton.k12.wi.us>.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 4,689,703
Accounts receivable	1,516,270
Due from other governments	569,531
Restricted cash and investments	2,726,310
Capital assets not being depreciated	437,275
Capital assets being depreciated, net	13,872,218
Total assets	23,811,307
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Related to pension	7,008,345
Related to other post employment benefits - health insurance	267,913
Related to other post employment benefits - life insurance	27,167
Total deferred outflows of resources	7,303,425
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	713,141
Due to student organizations	146,998
Medical claims payable	16,381
Deposits payable - HRA	2,579,312
Unearned revenues	8,928
Accrued interest	9,601
Noncurrent liabilities	
Due within one year	994,586
Due in more than one year	3,885,291
Total liabilities	8,354,238
<b>DEFERRED INFLOW OF RESOURCES</b>	
Related to pension	4,975,403
Related to other post employment benefits - life insurance	77,227
Total deferred inflows of resources	5,052,630
<b>NET POSITION</b>	
Net investment in capital assets	11,822,829
Restricted	1,931,673
Unrestricted	3,953,362
<b>Total net position</b>	<b>\$ 17,707,864</b>

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2019

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction				
Regular instruction	\$ 4,564,181	\$ 1,298,902	\$ 509,359	\$ (2,755,920)
Vocational instruction	749,230	-	-	(749,230)
Physical instruction	291,458	-	-	(291,458)
Special education instruction	1,317,503	-	749,898	(567,605)
Other instruction	568,091	-	-	(568,091)
Total instruction	7,490,463	1,298,902	1,259,257	(4,932,304)
Support services				
Pupil services	585,162	-	-	(585,162)
Instructional staff services	418,808	-	39,687	(379,121)
General administrative services	369,779	-	-	(369,779)
Building administrative services	733,743	-	39,045	(694,698)
Business administrative services	3,314,814	217,822	293,764	(2,803,228)
Central services	96,256	-	-	(96,256)
Insurance and judgments	219,236	-	-	(219,236)
Other support services	1,860,946	17,209	-	(1,843,737)
Interest on debt	62,537	-	-	(62,537)
Total support services	7,661,281	235,031	372,496	(7,053,754)
Total school district	<u>\$ 15,151,744</u>	<u>\$ 1,533,933</u>	<u>\$ 1,631,753</u>	(11,986,058)
<b>GENERAL REVENUES</b>				
TAXES				
Property taxes, levied for general purposes				3,856,480
Property taxes, levied for debt service				1,175,265
Property taxes, levied for specific purposes				10,000
Other taxes				5,329
FEDERAL AND STATE AID NOT RESTRICTED				
General (equalization aid)				7,274,425
Other				759,252
Interest and investment earnings				66,912
Loss on disposal of assets				(10,049)
Miscellaneous				64,796
<b>Change in net position</b>				1,216,352
Net position at beginning of year, as restated				<u>16,491,512</u>
<b>Net position at end of year</b>				<u><u>\$ 17,707,864</u></u>

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
June 30, 2019

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,648,879	\$2,040,824	\$ 4,689,703
Accounts receivable	1,514,472	1,798	1,516,270
Due from other governments	536,434	33,097	569,531
Restricted cash and investments	2,579,312	146,998	2,726,310
<b>Total assets</b>	<b><u>\$ 7,279,097</u></b>	<b><u>\$2,222,717</u></b>	<b><u>\$ 9,501,814</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 215,218	\$ -	\$ 215,218
Accrued salaries and wages	206,743	-	206,743
Payroll taxes and withholdings	291,180	-	291,180
Due to student organizations	-	146,998	146,998
Medical claims payable	16,381	-	16,381
Deposits payable - HRA	2,579,312	-	2,579,312
Unearned revenues	-	8,928	8,928
Total liabilities	3,308,834	155,926	3,464,760
<b>FUND BALANCES</b>			
Restricted	3,586	2,066,791	2,070,377
Unassigned	3,966,677	-	3,966,677
Total fund balances	<u>3,970,263</u>	<u>2,066,791</u>	<u>6,037,054</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 7,279,097</u></b>	<b><u>\$2,222,717</u></b>	<b><u>\$ 9,501,814</u></b>

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE DISTRICT-WIDE STATEMENT OF NET POSITION**  
June 30, 2019

Total fund balances—governmental funds		\$ 6,037,054
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds:		
Cost of capital assets	\$ 24,390,771	
Accumulated depreciation	<u>(10,081,278)</u>	
Net capital assets		14,309,493
Certain items, including bonds payable, are not due and payable in the current period and therefore are not reported as assets or liabilities in the funds. Those assets and liabilities at year-end consist of:		
Bonds, notes, and capital leases payable	(2,486,664)	
Accrued interest payable	(9,601)	
Net pension liability	(1,715,344)	
Net other postemployment benefits liability - health insurance	(450,185)	
Net other postemployment benefits liability - life insurance	(227,684)	
Deferred outflows related to pension	7,008,345	
Deferred outflows related to other postemployment benefits - life insurance	27,167	
Deferred inflows related to pension	(4,975,403)	
Deferred inflows related to other postemployment benefits - life insurance	<u>(77,227)</u>	
Total long-term debt obligations		<u>(2,638,683)</u>
<b>Total net position—governmental activities</b>		<b><u>\$ 17,707,864</u></b>

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
Year Ended June 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 3,861,811	\$ 1,185,265	\$ 5,047,076
Local	134,830	388,189	523,019
Interdistrict payments	1,251,710	-	1,251,710
Intermediate sources	14,251	-	14,251
State	8,748,053	9,331	8,757,384
Federal	435,478	284,433	719,911
Other sources	64,794	-	64,794
Total revenues	<u>14,510,927</u>	<u>1,867,218</u>	<u>16,378,145</u>
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	4,556,739	-	4,556,739
Vocational instruction	745,873	-	745,873
Physical instruction	291,239	-	291,239
Special education instruction	1,316,974	-	1,316,974
Other instruction	361,454	205,731	567,185
Total instruction	<u>7,272,279</u>	<u>205,731</u>	<u>7,478,010</u>
Support services			
Pupil services	582,882	-	582,882
Instructional staff services	418,716	-	418,716
General administrative services	355,343	13,635	368,978
Building administrative services	728,562	-	728,562
Business administrative services	2,298,210	533,937	2,832,147
Central services	87,156	-	87,156
Insurance and judgments	219,236	-	219,236
Other support services	1,223,194	293	1,223,487
Total support services	<u>5,913,299</u>	<u>547,865</u>	<u>6,461,164</u>
Capital outlay	123,039	322,874	445,913
Debt service			
Principal	189,532	810,000	999,532
Interest and fees	17,914	52,429	70,343
Total expenditures	<u>13,516,063</u>	<u>1,938,899</u>	<u>15,454,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>994,864</u>	<u>(71,681)</u>	<u>923,183</u>
Other financing sources (uses)			
Capital lease proceeds	-	308,399	308,399
Transfers in (out)	(830,000)	830,000	-
Total other financing sources	<u>(830,000)</u>	<u>1,138,399</u>	<u>308,399</u>
<b>Net change in fund balances</b>	<u>164,864</u>	<u>1,066,718</u>	<u>1,231,582</u>
Fund balances at beginning of year	<u>3,805,399</u>	<u>1,000,073</u>	<u>4,805,472</u>
<b>Fund balances at end of year</b>	<u>\$ 3,970,263</u>	<u>\$ 2,066,791</u>	<u>\$ 6,037,054</u>

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2019

Net change in fund balances—total governmental funds		\$ 1,231,582
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlay reported in governmental fund statements	\$ 445,913	
Depreciation expense reported in the statement of activities	(633,187)	
Net book value of assets disposed of	<u>(10,049)</u>	(197,323)
Bond, note and capital lease proceeds are reported as financing sources in governmental funds and contribute to the change in fund balance. In the statement of net position issuing debt increases long-term liabilities and does not affect the statement of activities.		
		(308,399)
Repayment of long-term debt principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Bonds and notes	810,000	
Capital leases	<u>189,532</u>	999,532
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.		
Decrease in accrued interest payable	7,806	
Net decrease in other postemployment benefits - health insurance	183,573	
Net increase in other postemployment benefits - life insurance	(18,874)	
Net increase in net pension liability	<u>(681,545)</u>	<u>(509,040)</u>
<b>Change in net position of governmental activities</b>		<b><u><u>\$ 1,216,352</u></u></b>

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2019

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and investments	<u>\$ 9,875</u>	<u>\$ 50,563</u>
<b>LIABILITIES</b>		
Due to student organizations	<u>-</u>	<u>\$ 50,563</u>
<b>NET POSITION</b>		
Restricted	<u>\$ 9,875</u>	

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2019

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	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Contributions	<u>\$ 13,650</u>
<b>DEDUCTIONS</b>	
Scholarships	<u>11,925</u>
<b>Change in net position</b>	1,725
Net position at beginning of year	<u>8,150</u>
<b>Net position at end of year</b>	<u><u>\$ 9,875</u></u>

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Clinton Community School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

**Reporting Entity**

The District operates as a common school district under Chapter 120 of the Wisconsin Statutes. The District is governed by a seven member elected school board, provides elementary, secondary, vocational, and special education services for kindergarten through grade 12, and is comprised of all or parts of seven taxing districts.

As discussed in the detail below, the financial reporting entity consists of the primary government, and organizations for which the primary government is financially accountable. All of the accounts of the District comprise the primary government.

This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The report does not contain any component units.

**Basis of Presentation**

*District-wide Financial Statements*

The statement of net position and statement of activities present financial information about the District as a whole. They include all funds of the District except for fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies on fees and charges for support. The District does not report any business-type activities.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements.

*Fund Financial Statements*

The fund financial statements provide information about the District's funds, including the fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. The emphasis of fund financial statements is on the major governmental funds; each is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental fund:

**General Fund**

The general fund is the general operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

The District reports the following nonmajor governmental funds:

**Capital Projects Fund**

Capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of general long-term debt principal, interest, and related costs.

**Special Revenue Funds**

Special revenue funds are used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The District reports the Special Revenue Gift Fund, the School Nutrition Services Fund, and the Community Service Fund as special revenue funds.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the District reports the following fund types:

**Private Purpose Trust Fund**

Private Purpose Trust Fund is used to account for resources legally held in trust for student scholarships.

**Agency Fund**

Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

**Measurement Focus and Basis of Accounting**

The District-wide and fiduciary fund statements (excluding the agency funds) are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

**Cash and Investments**

The District's cash and investments 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 investments balances for individual funds are pooled unless maintained in segregated accounts.

The District may invest available cash balances, other than debt services 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 governmental investment pool.

The District is limited to investments authorized by Wisconsin State Statute 66.0603 included the following:

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in the state if the time deposits mature in not more than three years.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
3. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state, as well as bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, a local cultural arts district, or the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. Securities of an open-end management investment company or investment trust, with certain limitations:
  - a. Bonds or securities issued under the authority of the municipality;
  - b. The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes; the state of Wisconsin local government investment fund (LGIP)
  - c. Agreements in which a public depository agrees to repay funds advanced to it by the District, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- d. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- e. Repurchase agreements with public depositories, with certain conditions.

**Receivables and Payables**

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The non-current portion of outstanding balances between funds is reported as advances to/from other funds. At June 30, 2019, there were no outstanding lending arrangements between funds.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds.

Property taxes are recognized as revenues in the year for which they are budgeted. Under the Wisconsin Statutes, each County in the District's taxing jurisdiction purchases the outstanding property taxes of the District in August of each year. The statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied. Property taxes are levied in October on the assessed value as of the prior January 1, and are due in full by January 31, or in installments with the last payment due in July.

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

**Capital Assets**

Capital assets are reported at historical cost or estimated historical cost. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 and useful life of three years or more. Donated assets are recorded at the estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	10-50
Furniture and equipment	5-20

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources as of June 30, 2019 related to pension and other postemployment benefit activity.

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has reported deferred outflows and deferred inflows as of June 30, 2019 related to pension and other postemployment benefit activity.

**Pension**

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

**Other Postemployment Benefits Other than Pensions (OPEB)**

*Health Insurance*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

*Local Retiree Life Insurance Fund*

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 OPEB, 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.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Long-Term Obligations**

In the District-wide financial statements, bond premiums and discounts, as well as issuance costs and losses on refunding, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditures for claims and judgments are only reported in the governmental funds if it has matured. Claims and judgments are recorded in the District-wide statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**Net Position**

In the District-wide financial statements, equity is classified as net position and displayed in three components:

*Net Investment in Capital Assets*—Consists of capital assets including restricted capital assets, net of accumulated depreciation less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus unspent proceeds.

*Restricted Net Position*—Consists of net position with constraints placed on use by 1) external groups such as creditors, grantors, or contributors, or 2) law through constitutional provisions or enabling legislation.

*Unrestricted Net Position*—All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**Fund Balance**

Governmental fund equity is classified as fund balance. In the fund financial statements, fund balance is presented in five possible categories:

*Nonspendable*—Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for resale, and long-term receivables.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Restricted*—Constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed*—Resources that can only be used for specific purposes as the result of a formal action of the District's highest level of decision-making authority. Any changes in the constraints imposed require the same formal action of the District that originally created the commitment. The Board of Education is the highest level of decision-making authority.

*Assigned*—Resources that are neither restricted nor committed for which the District has stated intended use as established by the Board of Education.

*Unassigned*—Resources that are available for any purpose. Unassigned amounts are only reported in the general fund.

**Use of Restricted Resources**

The District considers restricted amounts to be spent first when both restricted and unrestricted net position are available unless there are legal constraints that prohibit doing this. Additionally, the District considers amounts to be spent first out of committed amounts, then assigned and lastly unassigned amounts of restricted fund balance when expenditures are made.

**Budgetary Information**

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.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by Board of Education resolution. Appropriations lapse at year-end unless specifically carried over.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 2—CASH AND INVESTMENTS

As of June 30, 2019, cash and investments consist of the following:

	Fair Value	Carrying Value	Risk
Deposits with financial institutions	\$ 5,134,700	\$ 4,897,139	Custodial credit
Mutual funds	2,579,312	2,579,312	Credit and interest rate
	\$ 7,714,012	\$ 7,476,451	

The District's cash and investments are reported in the financial statements as follows:

Statement of net position		
Governmental activities	\$	7,416,013
Statement of fiduciary net position		
Private purpose trust		50,563
Agency fund		9,875
	\$	7,476,451

*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 the failure of the counterparty to a transaction, the District would not be able to recover the value of investments that are in the possession of another party. The District does not have a custodial credit risk policy for investments.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for all accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, 2019, \$1,139,094 of the District's deposits with financial institutions was collateralized by the pledging financial institution's trust department, and \$2,771,304 was uninsured and uncollateralized.

*Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation. The District has not formally adopted an investment policy, but does follow the procedures set forth by state statute.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 2—CASH AND INVESTMENTS (continued)

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy.

*Restricted Cash*

The District contributes an amount annually to an employee Health Reimbursement Arrangement (HRA) account. The employee vests after seven years. The balance at June 30, 2019 was \$2,579,312. There is also restricted cash totaling \$146,998 reported which is held for student organizations which do not meet the requirements to be reported in the agency fund.

*Fair Value Measurements*

The District categorizes its fair values within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District has the following recurring fair value measurements as of June 30, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds	<u>\$ 2,579,312</u>	<u>\$ 2,579,312</u>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 3—CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Adjustments	Additions	Retirements	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 437,275	\$ -	\$ -	\$ -	\$ 437,275
Capital assets being depreciated					
Building	19,527,008	-	76,238	13,500	19,589,746
Equipment	3,794,528	288,671	369,675	89,124	4,363,750
Total capital assets being depreciated	23,321,536	288,671	445,913	102,624	23,953,496
Less: accumulated depreciation	9,468,498	72,168	633,187	92,575	10,081,278
Total capital assets being depreciated, net	13,853,038	216,503	(187,274)	10,049	13,872,218
Governmental activity capital assets, net	<u>\$ 14,290,313</u>	<u>\$ 216,503</u>	<u>\$ (187,274)</u>	<u>\$ 10,049</u>	<u>\$ 14,309,493</u>

Depreciation expense for governmental activities for the year ended June 30, 2019 was charged to functions as follows:

Regular instruction	\$ 7,442
Vocational instruction	3,357
Physical education	219
Special Education	529
Other	906
Pupil services	2,280
Instructional staff services	92
General administration services	801
Building administrative services	5,181
Business administrative services	482,667
Central services	9,100
Other support services	120,613
Total depreciation of governmental activities	<u>\$ 633,187</u>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 4—LONG-TERM OBLIGATIONS**

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

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
General obligation bonds	\$ 2,635,000	\$ -	\$ 810,000	\$ 1,825,000	\$ 735,000
Net pension liability - WRS	-	1,715,344	-	1,715,344	-
Net other postemployment benefits - health insurance	651,761	-	201,576	450,185	-
Net other postemployment benefits - life insurance	270,234	-	42,550	227,684	-
Capital leases	542,962	308,399	189,697	661,664	259,586
Total long-term obligations	<u>\$ 4,099,957</u>	<u>\$ 2,023,743</u>	<u>\$ 1,243,823</u>	<u>\$ 4,879,877</u>	<u>\$ 994,586</u>

Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2019 was \$80,540 and \$60,182, respectively.

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the debt service fund.

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$447,300,058. Wisconsin State Statute 67.03 limits total general obligation indebtedness of the District to ten percent of the equalized value of taxable property within the District's jurisdiction. The legal debt limit, as of June 30, 2019 was as follows:

Debt limit (10% of \$447,300,058)	\$ 44,730,006
Less: long-term debt applicable to debt margin	<u>1,825,000</u>
Margin of indebtedness:	<u>\$ 42,905,006</u>

General obligation debt at June 30, 2019 is comprised of the following individual issues:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 6/30/2019
G.O. refunding bonds	4/1/2015	1.15-3.10%	3/1/2022	800,000	\$ 380,000
G.O. refunding bonds - QZAB	10/15/2013	0.00%	4/1/2028	900,000	840,000
G.O. refunding bonds	12/2/2011	2.00-3.00%	3/1/2020	7,905,000	<u>605,000</u>
					<u>\$ 1,825,000</u>

The bonds dated October 15, 2013 are Qualified Zone Academy Bonds (QZAB). They have been designated by the District as "qualified zone academy bonds" within the meaning of Section 54E(a) of the Internal Revenue Code. The QZAB program provides tax credits, in lieu of interest to lenders who issue bonds to eligible school districts. The bond proceeds may be used to finance renovations and repair projects within eligible school buildings. The federal government is responsible for the "interest" payment and the district is responsible for repayment of bond principal.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 4—LONG-TERM OBLIGATIONS (continued)

Debt service requirements to maturity on general obligation debt are as follows:

Year Ended June 30	G.O. Debt Principal	G.O. Debt Interest	Capital Lease Principal	Capital Lease Interest	Total
2020	\$ 735,000	\$ 29,200	\$ 259,586	\$ 30,512	\$ 1,054,298
2021	135,000	7,810	193,916	18,041	354,767
2022	145,000	4,185	134,124	9,586	292,895
2023	10,000	-	74,038	17,164	101,202
2024-2028	800,000	-	-	-	800,000
	<u>\$ 1,825,000</u>	<u>\$ 41,195</u>	<u>\$ 661,664</u>	<u>\$ 75,303</u>	<u>\$ 2,603,162</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new debt in an irrevocable trust to provide for the future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, \$1,435,000 of debt outstanding is considered defeased.

NOTE 5—CAPITAL LEASES

The District has entered into several lease arrangements for financing the acquisition of buses, equipment, and technology. The lease agreements qualify as a capital lease for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date of the lease. The gross amount of assets recorded under capital leases is \$1,209,464 and \$418,734 of related accumulated depreciation. Depreciation expense of \$230,228 is related to these assets.

NOTE 6—EMPLOYEE'S RETIREMENT SYSTEM

**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 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 6—EMPLOYEE’S RETIREMENT SYSTEM (continued)

**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 years' earnings. 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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0.0%
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 6—EMPLOYEE’S RETIREMENT SYSTEM (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, 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 \$480,938 in contributions from the employer which equaled required contributions.

Contribution rates as of June 30, 2019 are as follows:

<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, 2019, the District reported a liability of \$1,715,344 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District’s proportion was 0.04821517%, which was a decrease of 0.00057397% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,150,774.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 6—EMPLOYEE'S RETIREMENT SYSTEM (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,335,992	\$ 2,361,555
Changes in assumptions	289,144	-
Net differences between projected and actual earnings on pension plan investments	5,105,461	2,600,318
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	13,530
Employer contributions subsequent to the measurement date	277,748	-
Total	\$ 7,008,345	\$ 4,975,403

\$277,748 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Year ended June 30:

2020	\$ 634,090
2021	157,507
2022	278,380
2023	685,217
	\$ 1,755,194

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 6—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

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

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

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 6—EMPLOYEE’S RETIREMENT SYSTEM (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	Current Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Global equities	49%	8.1%	5.5%
Fixed income	24.5	4.0	1.5
Inflation sensitive assets	15.5	3.8	1.3
Real estate	8	6.5	3.9
Private equity/debt	8	9.4	6.7
Multi-asset	4	6.7	4.1
Total core fund	110%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30	8.5	5.9
Total variable fund	100%	7.9%	5.4%

**Single discount rate.** A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.90% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 6—EMPLOYEE'S RETIREMENT SYSTEM (continued)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
The District's proportionate share of net pension liability	\$ 6,816,959	\$ 1,715,344	\$ (2,078,101)

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

NOTE 7—OTHER POST-EMPLOYMENT BENEFITS

*Health Insurance*

**Plan administration.** The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree plan that provides medical benefits to eligible employees and their spouses. Benefits and eligibility for teachers are established and amended by the school board.

For eligible employees the District will contribute towards the retiree's medical coverage for a period of 36 or 60 months, for those greater than 2 years from age 57 and those less than 2 years from age 57, respectively, but not to exceed Medicare eligibility. Eligible employees are employees hired prior to September 1, 2002 that are at least age 57 with a minimum of 10 years full-time service with the District. Employees hired between September 1, 2002 and July 1, 2008 that are at least age 57 require a minimum of 15 years full-time service with the District.

Teachers hired after July 1, 2008 will not be entitled to a district-provided OPEB benefit. Rather they will receive annual HRA contributions during their active service.

**Plan membership.** At June 30, 2018, the date of the latest actuarial valuation, there were 252 active plan members and 15 inactive plan members receiving OPEB benefits. The plan is closed to new entrants.

**Contributions.** There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions, and these are made on the pay-as-you-go basis. There are no assets accumulated in a trust.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 7—OTHER POST-EMPLOYMENT BENEFITS (continued)

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2018.

**Actuarial assumptions.** The net OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Healthcare Cost Trend Rate:	0.00% for the first year, then 7.00% decreasing 0.50% down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

The actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and the changes in the District's net OPEB obligation:

<b>Balances at 6/30/2018</b>	<b>\$ 651,761</b>
<b>Changes for the year:</b>	
Service Cost	2,899
Interest	17,859
Differences between expected and actual experience	32,767
Changes of assumptions or other input	30,815
Benefit payments	<u>(285,916)</u>
<b>Net changes</b>	<u>(201,576)</u>
<b>Balances at 6/30/2019</b>	<b><u>\$ 450,185</u></b>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 7—OTHER POST-EMPLOYMENT BENEFITS (continued)

**Sensitivity of the net OPEB liability to changes in the discount rate.** The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Net OPEB liability	\$ 457,156	\$ 450,185	\$ 443,391

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.** The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
Net OPEB liability	\$ 446,714	\$ 450,185	\$ 454,259

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$27,117. At June 30, 2019, \$267,913 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

*Local Retiree Life Insurance Fund*

**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>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 7—OTHER POST-EMPLOYMENT BENEFITS (continued)

**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.

Contribution rates as of June 30, 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

<b>Life Insurance Employee Contribution Rates* For the year ended December 31, 2018</b>			
<u>Attained Age</u>	<u>Basic</u>		<u>Supplemental</u>
Under 30	\$	0.05	\$ 0.05
30-34		0.06	0.06
35-39		0.07	0.07
40-44		0.08	0.08
45-49		0.12	0.12
50-54		0.22	0.22
55-59		0.39	0.39
60-64		0.49	0.49
65-69		0.57	0.57

\*Disabled members under age 70 receive a waiver-of-premium benefit

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 7—OTHER POST-EMPLOYMENT BENEFITS (continued)

During the reporting period, the LRLIF recognized \$1,700 in contributions from the District.

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

At June 30, 2019, the District reported a liability of \$227,684 or its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.088238%, which was a decrease of 0.001583% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$19,736.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 11,551
Net differences between projected and investment earnings on plan investments	5,442	-
Changes in actuarial assumptions	21,725	49,353
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	16,323
	<u>-</u>	<u>16,323</u>
Total	<u>\$ 27,167</u>	<u>\$ 77,227</u>

There were no deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 7—OTHER POST-EMPLOYMENT BENEFITS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$	(7,364)
2021		(7,364)
2022		(7,364)
2023		(8,128)
2024		(8,916)
Thereafter		(10,924)
	\$	(50,060)

**Actuarial assumptions.** The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability	December 31, 2018
Actuarial Cost Method:	Entry age normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

**Long-term expected return on plan assets.** The long-term expected rate of return 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.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 7—OTHER POST-EMPLOYMENT BENEFITS (continued)

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, 2018**

<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	1.00%	1.44%
US Credit Bonds	Barclays Credit	40.00%	2.69%
US Long Credit Bonds	Barclays Long Credit	4.00%	3.01%
US Mortgages	Barclays MBS	54.00%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1.00%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**Single discount rate.** A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 4.22 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
The District's proportionate share of net OPEB liability	\$ 323,895	\$ 227,684	\$ 153,479

**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>.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 8—INTERFUND TRANSFERS**

The following balances as of June 30, 2019 represent transfer in/out between all funds:

Transferred to	Transferred from	Amount
Special Education	General Fund	\$ 1,261,721
Capital Projects Fund	General Fund	830,000
		\$ 2,091,721

**NOTE 9—GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide statement of net position at June 30, 2019 consist of the following:

Governmental Activities:		
Net investment in capital assets		\$ 11,822,829
Restricted:		
Capital projects		1,312,553
Debt service		619,120
Total restricted		1,931,673
Unrestricted		3,953,362
Total governmental activities net position		\$ 17,707,864

**NOTE 10—GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the financial statements at June 30, 2019 include the following:

Restricted:		
Special education		\$ 3,586
Capital projects		1,312,553
Debt service		628,721
School nutrition services		112,213
Community service		13,304
Total restricted		2,070,377
Unassigned		3,966,677
Total governmental fund balance		\$ 6,037,054

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 11—RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; worker compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

**NOTE 12—LIMITATION OF SCHOOL DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature. 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.

**NOTE 13—COMMITMENTS AND CONTINGENCIES**

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

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

**NOTE 14—LONG-TERM CAPITAL IMPROVEMENT TRUST FUND**

The District has a Long-Term Capital Improvement Trust Fund in the amount of \$882,000 at June 30, 2019. 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.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 15—PRIOR PERIOD ADJUSTMENT**

The District incurred capital lease expenditures in the prior year that were not capitalized. As a result, an adjustment of \$108,737 was made to increase the June 30, 2018 net position of the governmental activities on the statement of activities based on the lease obligations as of June 30, 2018.

**NOTE 16—SUBSEQUENT EVENTS**

On July 9, 2019, the District obtained an irrevocable letter of credit for \$4,500,000 with The First National Bank and Trust Company. Also, the District released funds from pledged collateral of \$1,500,000 and \$2,590,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND**  
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,509,758	\$ 4,102,470	\$ 3,861,811	\$ (240,659)
Local	104,450	104,450	134,830	30,380
Interdistrict payments	1,169,152	1,168,805	1,250,334	81,529
Intermediate sources	3,250	3,250	14,251	11,001
State	8,204,671	8,204,671	8,279,598	74,927
Federal	169,179	188,779	154,034	(34,745)
Other sources	42,000	42,000	64,794	22,794
Total revenues	13,202,460	13,814,425	13,759,652	(54,773)
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	4,821,936	4,822,686	4,556,739	265,947
Vocational instruction	720,664	730,317	757,083	(26,766)
Physical instruction	291,307	291,457	291,239	218
Other instruction	416,362	416,362	361,454	54,908
Instruction	6,250,269	6,260,822	5,966,515	294,307
Support services				
Pupil services	297,801	301,601	290,334	11,267
Instructional staff services	386,533	387,533	263,470	124,063
General administrative services	342,342	342,342	355,343	(13,001)
Building administrative services	692,382	692,382	728,562	(36,180)
Business administrative services	2,320,064	2,930,776	2,329,163	601,613
Central services	548,494	548,494	87,156	461,338
Insurance and judgments	159,150	159,150	219,236	(60,086)
Other support services	734,182	772,732	1,055,842	(283,110)
Support services	5,480,948	6,135,010	5,329,106	805,904
Debt service				
Principal	115,000	115,000	189,532	(74,532)
Interest and fees	3,500	3,500	17,914	(14,414)
Total expenditures	11,849,717	12,514,332	11,503,067	1,011,265
Excess of revenues over expenditures	1,352,743	1,300,093	2,256,585	956,492
Other financing sources (uses)				
Transfers in (out)	(1,352,539)	(1,352,539)	(2,091,721)	(739,182)
<b>Net change in fund balances</b>	204	(52,446)	164,864	217,310
Fund balances at beginning of year	3,805,399	3,805,399	3,805,399	-
<b>Fund balances at end of year</b>	<b>\$ 3,805,603</b>	<b>\$ 3,752,953</b>	<b>\$ 3,970,263</b>	<b>\$ 217,310</b>

See accompanying notes to required supplementary information.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS  
AND U.S. GAAP REVENUES AND EXPENDITURES  
Year Ended June 30, 2019

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**SOURCES/ INFLOWS OF RESOURCES:**

Actual general fund operating revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 13,759,652
Reclassification: Special education fund revenues are included in the general fund, required for U.S. GAAP reporting	<u>751,275</u>
General fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 14,510,927</u>

**USES/ OUTFLOWS OF RESOURCES:**

Actual general fund expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 11,503,067
Reclassification: Special education fund expenditures are included in the general fund, required for U.S. GAAP reporting	<u>2,012,996</u>
General fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 13,516,063</u>

See accompanying notes to required supplementary information.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS\***

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2014	0.048146%	\$ (1,182,609)	\$ 6,762,302	17.49%	102.74%
12/31/2015	0.048235%	\$ 783,805	\$ 6,866,362	11.42%	98.20%
12/31/2016	0.048705%	\$ 401,445	\$ 7,150,901	5.61%	99.12%
12/31/2017	0.048789%	\$ (1,448,607)	\$ 7,212,981	-20.08%	102.93%
12/31/2018	0.048215%	\$ 1,715,344	\$ 7,178,145	23.90%	96.45%

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

**SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS\***

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2015	\$ 473,363	\$ 473,363	\$ -	\$ 6,732,549	7.03%
6/30/2016	\$ 466,913	\$ 466,913	\$ -	\$ 7,113,725	6.56%
6/30/2017	\$ 472,119	\$ 472,119	\$ -	\$ 7,153,888	6.60%
6/30/2018	\$ 490,485	\$ 490,485	\$ -	\$ 7,222,728	6.79%
6/30/2019	\$ 480,938	\$ 480,938	\$ -	\$ 7,083,628	6.79%

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

See accompanying notes to required supplementary information.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**HEALTH INSURANCE**  
**Last 10 Fiscal Years\***

	<u>2018</u>	<u>2017</u>
<b>Net OPEB Liability:</b>		
Service cost	\$ 2,899	\$ 2,899
Interest	17,859	27,628
Differences between expected and actual experience	32,767	-
Changes in assumptions or other input	30,815	-
Benefit payments	<u>(285,916)</u>	<u>(333,384)</u>
Net Change in OPEB Liability	(201,576)	(302,857)
Net OPEB liability at beginning of year	<u>651,761</u>	<u>954,618</u>
Net OPEB liability at end of year	<u>\$ 450,185</u>	<u>\$ 651,761</u>
Covered payroll	6,882,288	181,800
Net OPEB liability as a percentage of covered payroll	6.54%	358.50%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

See accompanying notes to required supplementary information.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**LOCAL RETIREE LIFE INSURANCE FUND**  
**LAST 10 FISCAL YEARS\***

<u>Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered Payroll (Plan Year)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/2017	0.089821%	\$ 270,234	\$ 3,777,230	7.15%	44.81%
12/31/2018	0.088238%	\$ 227,684	\$ 4,173,000	5.46%	48.69%

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

See accompanying notes to required supplementary information.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2019

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**NOTE 1—BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1 of the financial statements. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

**Excess Expenditures Over Appropriations**

The following general fund functions had significant excess of actual expenditures over appropriations for the year ended June 30, 2019.

Function	Excess Expenditures
Vocational instruction	\$ 26,766
General administrative services	13,001
Building administrative services	36,180
Insurance and judgments	60,086
Other support services	283,110

**NOTE 2—EMPLOYEE’S RETIREMENT CONTRIBUTIONS**

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

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

**NOTE 3—NET OPEB LIABILITY AND RELATED RATIOS ASSUMPTIONS—HEALTH INSURANCE**

Methods and assumptions used to determine OPEB contribution rates are as follows:

Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal (level percent of salary)
Asset Valuation Method:	Fair Market Value
Discount Rate:	3.75%
Inflation:	2.50%
Wisconsin 2012 Mortality Table	

**CLINTON COMMUNITY SCHOOL DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2019

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NOTE 4—SCHEDULE OF CONTRIBUTIONS—LOCAL RETIREE LIFE INSURANCE FUND

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

*Changes of Assumptions.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total OPEB liability changed, including the discount rate, wage inflation rate, mortality, and separations rates.

**OTHER SUPPLEMENTARY INFORMATION**

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—GENERAL GOVERNMENTAL FUNDS**  
June 30, 2019

	General Operating Fund	Special Education Fund	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 2,648,879	\$ -	\$ 2,648,879
Accounts receivable	1,514,472	-	1,514,472
Due from other governments	367,695	168,739	536,434
Restricted cash and investments	2,579,312	-	2,579,312
<b>Total assets</b>	<b>\$ 7,110,358</b>	<b>\$ 168,739</b>	<b>\$ 7,279,097</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 47,395	\$ 167,823	\$ 215,218
Accrued salaries and wages	205,827	916	206,743
Payroll taxes and withholdings	291,180	-	291,180
Medical claims payable	16,381	-	16,381
Deposits payable - HRA	2,579,312	-	2,579,312
<b>Total liabilities</b>	<b>3,140,095</b>	<b>168,739</b>	<b>3,308,834</b>
<b>FUND BALANCES</b>			
Restricted	-	3,586	3,586
Unassigned	3,970,263	(3,586)	3,966,677
<b>Total fund balances</b>	<b>3,970,263</b>	<b>-</b>	<b>3,970,263</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,110,358</b>	<b>\$ 168,739</b>	<b>\$ 7,279,097</b>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GENERAL GOVERNMENTAL FUNDS**  
Year Ended June 30, 2019

	General Operating Fund	Special Education Fund	Total General Fund
<b>REVENUES</b>			
Taxes	\$ 3,861,811	\$ -	\$ 3,861,811
Local	134,830	-	134,830
Interdistrict payments	1,250,334	1,376	1,251,710
Intermediate sources	14,251	-	14,251
State	8,279,598	468,455	8,748,053
Federal	154,034	281,444	435,478
Other sources	64,794	-	64,794
Total revenues	13,759,652	751,275	14,510,927
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	4,556,739	-	4,556,739
Vocational instruction	745,873	-	745,873
Physical instruction	291,239	-	291,239
Special education instruction	-	1,316,974	1,316,974
Other instruction	361,454	-	361,454
Total instruction	5,955,305	1,316,974	7,272,279
Support services			
Pupil services	290,334	292,548	582,882
Instructional staff services	263,470	155,246	418,716
General administrative services	355,343	-	355,343
Building administrative services	728,562	-	728,562
Business administrative services	2,252,925	45,285	2,298,210
Central services	87,156	-	87,156
Insurance and judgments	219,236	-	219,236
Other support services	1,055,842	167,352	1,223,194
Total support services	5,252,868	660,431	5,913,299
Capital outlay	87,448	35,591	123,039
Debt service			
Principal	189,532	-	189,532
Interest and fees	17,914	-	17,914
Total expenditures	11,503,067	2,012,996	13,516,063
Excess (deficiency) of revenues over (under) expenditures	2,256,585	(1,261,721)	994,864
Other financing sources (uses)			
Transfers in (out)	(2,091,721)	1,261,721	(830,000)
<b>Net change in fund balances</b>	164,864	-	164,864
Fund balances at beginning of year	3,805,399	-	3,805,399
<b>Fund balances at end of year</b>	<b>\$ 3,970,263</b>	<b>\$ -</b>	<b>\$ 3,970,263</b>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—NONMAJOR GOVERNMENTAL FUNDS**  
 June 30, 2019

	Capital Projects	Debt Service	Special Revenue Funds			Total Nonmajor Governmental Funds
			Special Revenue	School Nutrition Services	Community Service	
<b>ASSETS</b>						
Cash and investments	\$ 1,312,553	\$ 628,721	\$ -	\$ 86,246	\$ 13,304	\$ 2,040,824
Accounts receivable	-	-	-	1,798	-	1,798
Due from other governments	-	-	-	33,097	-	33,097
Restricted cash and investments	-	-	146,998	-	-	146,998
<b>Total assets</b>	<u>\$ 1,312,553</u>	<u>\$ 628,721</u>	<u>\$ 146,998</u>	<u>\$ 121,141</u>	<u>\$ 13,304</u>	<u>\$ 2,222,717</u>
<b>LIABILITIES</b>						
Due to student organizations	\$ -	\$ -	\$ 146,998	\$ -	\$ -	\$ 146,998
Unearned revenues	-	-	-	8,928	-	8,928
Total liabilities	-	-	146,998	8,928	-	155,926
<b>FUND BALANCES</b>						
Restricted	1,312,553	628,721	-	112,213	13,304	2,066,791
<b>Total liabilities and fund balances</b>	<u>\$ 1,312,553</u>	<u>\$ 628,721</u>	<u>\$ 146,998</u>	<u>\$ 121,141</u>	<u>\$ 13,304</u>	<u>\$ 2,222,717</u>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2019

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Capital Projects	Debt Service	Special Revenue	School Nutrition Services	Community Service	
<b>REVENUES</b>						
Taxes	\$ -	\$ 1,175,265	\$ -	\$ -	\$ 10,000	\$ 1,185,265
Local	6,553	6,619	158,572	216,445	-	388,189
State	-	-	-	9,331	-	9,331
Federal	-	-	-	284,433	-	284,433
Total revenues	6,553	1,181,884	158,572	510,209	10,000	1,867,218
<b>EXPENDITURES</b>						
Instruction						
Other instruction	-	-	205,731	-	-	205,731
Total instruction	-	-	205,731	-	-	205,731
Support services						
General administrative services	-	-	-	-	13,635	13,635
Business administrative services	-	-	-	533,937	-	533,937
Other support services	-	-	-	-	293	293
Total support services	-	-	-	533,937	13,928	547,865
Capital Outlay	308,399	-	-	14,475	-	322,874
Debt service						
Principal	-	810,000	-	-	-	810,000
Interest and fees	-	52,429	-	-	-	52,429
Total expenditures	308,399	862,429	205,731	548,412	13,928	1,938,899
Excess of revenues over expenditures	(301,846)	319,455	(47,159)	(38,203)	(3,928)	(71,681)
Other financing sources						
Capital lease proceeds	308,399	-	-	-	-	308,399
Transfers in (out)	830,000	-	-	-	-	830,000
Total other financing sources (uses)	1,138,399	-	-	-	-	1,138,399
<b>Net change in fund balances</b>	836,553	319,455	(47,159)	(38,203)	(3,928)	1,066,718
Fund balances at beginning of year	476,000	309,266	47,159	150,416	17,232	1,000,073
<b>Fund balances at end of year</b>	<b>\$ 1,312,553</b>	<b>\$ 628,721</b>	<b>\$ -</b>	<b>\$ 112,213</b>	<b>\$ 13,304</b>	<b>\$ 2,066,791</b>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES—AGENCY FUNDS**  
Year Ended June 30, 2019

	Balance 6/30/2018	Additions	Deductions	Balance 6/30/2019
<b>ASSETS</b>				
Cash and investments	\$ 36,011	\$ 17,452	\$ 2,900	\$ 50,563
<b>LIABILITIES</b>				
Due to student organizations	\$ 36,011	\$ 17,452	\$ 2,900	\$ 50,563

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
AND OTHER AUDITORS' REPORTS**

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Passed Through to Subrecipients	Accrued or (Deferred) Revenue at 7/1/2018	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/2019
<b>U.S. Department of Agriculture</b>							
Pass-through Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
School Breakfast Program	10.553	2019-531134-SB-546	\$ -	\$ -	\$ 22,642	\$ 26,959	\$ 4,317
Donated Commodities	10.555	2019-531134-NSL-547	-	-	38,583	38,583	-
National School Lunch Program	10.555	2019-531134-NSL-547	-	-	163,003	191,784	28,781
Summer Food Service Program for Children	10.559	2019-531134-SFSP-586	-	-	26,572	26,572	-
Total Child Nutrition Cluster			-	-	250,801	283,898	33,097
Team Nutrition Grants	10.574	2019-531134	-	-	535	535	-
<b>Total U.S. Department of Agriculture</b>			-	-	251,336	284,433	33,097
<b>U.S. Department of Education</b>							
Pass-through Wisconsin Department of Public Instruction							
Title I Grants to Local Educational Agencies	84.010	2019-531134-TIA-141	-	104,000	115,689	124,776	113,087
Special Education Cluster							
Special Education Grants to States	84.027	2019-531134-IDEA-FT-341	-	23,965	23,965	164,025	164,025
Special Education Preschool Grants	84.173	2019-531134-IDEA-PS-347	-	-	1,772	3,467	1,695
Total Special Education Cluster			-	23,965	25,737	167,492	165,720
English Language Acquisition State Grants	84.365	2019-531134-TIIIA-391	-	21,505	21,505	1,000	1,000
Student Support and Academic Enrichment Program	84.424	2019-531134-TIVA-381	-	-	-	5,880	5,880
Supporting Effective Instruction State Grants	84.367	2019-531134-TIIA-365	-	17,661	17,661	-	-
Pass-through program from Westosha School District Career and Technical Education - Basic Grants to States	84.048	2019-531134-CTE-400	-	4,592	11,238	6,646	-
<b>Total U.S. Department of Education</b>			-	171,723	191,829	305,793	285,687
<b>U.S. Department of Health and Human Services</b>							
Pass-through Wisconsin Medicaid and Badgercare Programs							
Medical Assistance Program (Fund 10)	93.778		-	-	22,377	22,377	-
Medical Assistance Program (Fund 27)	93.778		-	1,480	112,413	113,952	3,018
Total Medical Assistance			-	1,480	134,790	136,328	3,018
<b>Total Federal Programs</b>			\$ -	\$ 173,203	\$ 577,955	\$ 726,555	\$ 321,803

See accompanying notes to the schedule of expenditures of federal and state awards.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2019

State Grantor/ Program Title	State Identifying Number	Grant Identifying Number	Passed Through to Subrecipients	Accrued or (Deferred) Revenue at 7/1/2018	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/2019
<b>Wisconsin Department of Public Instruction</b>							
Special Education and School Age Parents	255.101	531134-100	\$ -	\$ -	\$ 428,306	\$ 428,306	\$ -
State School Lunch Aid	255.102	531134-107	-	-	6,047	6,047	-
Common School Fund Library Aid	255.103	531134-104	-	-	39,687	39,687	-
Bilingual Bicultural Aid	255.106	531134-111	-	-	11,929	11,929	-
Gen Trans Aid for Public and NP Sch Pupils	255.107	531134-102	-	-	39,045	39,045	-
WI School Day Milk Program	255.115	531134-109	-	-	2,092	2,092	-
Equalization Aids	255.201	531134-116	-	129,742	7,282,513	7,274,425	121,654
Special Education Transition Readiness Grant	255.257	531134-174	-	-	36,149	36,149	-
Personal Electronic Computing Device	255.296	531134-175	-	-	8,008	8,008	-
State School Breakfast Aid	255.344	531134-108	-	-	1,191	1,191	-
Per Pupil Aid	255.945	531134-113	-	-	663,156	663,156	-
Educator Effective Eval Sys Grants Public	255.940	531134-154	-	-	8,400	8,400	-
Career and Technical Education Incentive Grants	255.950	531134-152	-	-	12,000	12,000	-
Assessments of Reading Readiness	255.956	531134-166	-	-	3,550	3,550	-
Aid for Special Education Transition Grant BBL	255.960	531134-168	-	-	4,000	4,000	-
<b>Total Wisconsin Department of Public Instruction</b>			-	129,742	8,546,073	8,537,985	121,654
<b>Wisconsin Department of Revenue</b>							
Exempt Computer Aid	835.109		-	1,835	1,835	1,879	1,879
Personal Property Aid	835.103		-	-	94,217	94,217	-
<b>Total Wisconsin Department of Revenue</b>			-	1,835	96,052	96,096	1,879
<b>Wisconsin Department of Justice</b>							
School Safety Initiative		2019-53114	-	-	-	113,809	113,809
<b>Pass-through from Blackhawk Technical College</b>							
BTC Forward Grant		2019-53114	-	-	-	9,000	9,000
<b>Total State Programs</b>			<b>\$ -</b>	<b>\$ 131,577</b>	<b>\$ 8,642,125</b>	<b>\$ 8,756,890</b>	<b>\$ 246,342</b>

See accompanying notes to the schedule of expenditures of federal and state awards.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year ended June 30, 2019

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**NOTE 1—BASIS OF PRESENTATION**

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

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Specifically, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3—INDIRECT COST RATE**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4—FOOD DONATION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, there were no commodities in inventory at the District.

**NOTE 5—OVERSIGHT AGENCIES**

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

**NOTE 6—ELIGIBLE COSTS FOR SPECIAL EDUCATION**

Eligible costs for special education under project 011 were \$1,656,569 for the year ended June 30, 2019.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2019

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Finding 2018-001

Condition: There is no review of payroll reports before processing.

Recommendation: The District should implement procedures to have payroll reviewed for reasonableness of employees and amounts before it is processed.

Current Status: The District has implemented procedures to address this finding.

Finding 2018-002

Condition: 9 of a sample of 55 disbursements tested were not approved by an authorized individual for payment.

Recommendation: The District should emphasize existing controls and procedures in place which require the appropriate level of management reviews and approvals for all invoices.

Current Status: This is a repeat finding for 2019.

Finding 2018-003

Condition: The required reports from The Department of Public Instruction were neither signed nor present at the District.

Recommendation: The District should ensure that the reports are filed, printed, and signed by the appropriate officials and retained by the District.

Current Status: The District has implemented procedures to address this finding.

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  
Clinton Community School District  
Clinton, 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 Clinton Community School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Clinton Community School District's basic financial statements, and have issued our report thereon dated November 15, 2019.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

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

## **The Clinton Community School District's Response to Findings**

The Clinton Community School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Clinton Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 15, 2019

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

To the Board of Education  
Clinton Community School District  
Clinton, Wisconsin

### Report on Compliance for Each Major State Program

We have audited the Clinton Community School District's compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that are required to be conducted on each of the Clinton Community School District's major state programs with limited required procedures for the year ended June 30, 2019. The Clinton Community School District's major state programs that have limited required procedures are identified in the accompanying summary of auditors' results.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the limited compliance requirements for each of the Clinton Community School District's major state programs based on our audit of the limited procedures required. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. An audit includes examining on a test basis, evidence about the District's compliance with those limited requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major State Program

In our opinion, the Clinton Community School District complied, in all material respects, with the limited requirements referred to above for each of its major state programs with limited required procedures for the year ended June 30, 2019.

### Report on Internal Control Over Compliance

Management of the Clinton Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Clinton Community School District's internal control over compliance with the types of requirements that could have an effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the limited required compliance requirements for each major state program with limited 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

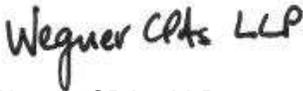
effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clinton Community School District's internal control over compliance.

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

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

#### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, slightly slanted style.

Wegner CPAs, LLP  
Madison, Wisconsin  
November 15, 2019



**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2019

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Condition: During disbursement testing, we noted 6 of 25 general disbursements were lacking approvals; 3 of 13 Community Service disbursements were lacking supporting documentation and 4 of 13 disbursements were lacking approvals; and 1 of 25 Student Activity disbursements were lacking approvals.

Effect: The above behavior exposes the District to fraud, loss of public trust and employee conflict, inconsistent with the mission of the District.

Cause: During the year, the District implemented procedures to go paperless. During this transition, proper controls were not in place and therefore, supporting documentation was misplaced or not retained and approval of disbursements did not occur.

Recommendation: We recommend that the District emphasize existing controls and procedures to retain supporting documentation for all disbursements, as well as, documenting approvals for disbursements.

Views of Responsible Officials and Planned Corrective Actions: The District understands the importance of review and approval of support documentation and will enforce controls and procedures which require approval of support documentation prior to payment.

**Section III—State Award Findings and Questioned Costs**

No matters were reported.

**Section IV—Other Issues**

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the audile's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin Public School District Audit Manual*:

Department of Public Instruction No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner



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Scott R. Haumersen, CPA

Date of report

November 15, 2019