

MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2019

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District'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 District'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 Menasha Joint 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 on pages 3-12 and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The nonmajor governmental funds, nonmajor special revenue funds, general fund, and agency funds combining schedules listed as other supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

The nonmajor governmental funds, nonmajor special revenue funds, general fund, and agency funds combining schedules, and the schedules 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

December 13, 2019

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2019

This section of Menasha Joint School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's overall financial status, as reflected in total net position, decreased by \$339,034.
- The General Fund (Fund 10) fund balance decreased from \$8,332,271 to \$8,089,680. The original budget was adopted with the expectation of an increase in fund balance. The actual decrease in Fund 10 was \$242,591.
- As of June 30, 2019, the District's governmental funds reported combined ending fund balances of \$10.4M, an increase of \$419,644 in comparison with the prior year. The entire fund balance has been assigned or restricted for specific purposes with the largest amount set aside to pay future contractual salaries.
- Board of Education policy states that it *"will annually review the fund balance and strive to maintain an operating reserve of 20% of the anticipated General Fund expenditures budget for the subsequent year or a balance sufficient to avoid cash flow borrowing, whichever is greater."* As of June 30, 2019, the fund balance for the General Fund was \$8.1M, or approximately 20% of the 2018-2019 budgeted General Fund expenditures.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts - management's discussion and analysis and the basic financial statements, including notes to the financial statements and supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

District-wide Financial Statements

- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District. This statement includes fixed assets and long-term liabilities.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues - charges for services and/or operating grants and contributions. General revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue - recognizing the change in net position for the District from the previous year.

Fund Financial Statements

- The remaining statements: *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* focus on individual parts of the District. Fund financial statements generally report operations in more detail than the district-wide statements.

The *Notes to Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required Supplementary Information further explains and supports the financial statements.

Other Supplementary Information provides information specific to nonmajor governmental funds and schedules of federal and state awards.

MENASHA JOINT SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2019**

The major features of the District’s financial statements, including the scope of the activities reported and type of information contained, is shown in the following table. (Table #1)

Table #1

		-----Fund Financial Statements-----		
	District-wide Statements	Governmental	Proprietary	Fiduciary
Scope	Entire District (except fiduciary funds).	The activity of the District that is not proprietary or fiduciary, such as instructional, support services, and community services.	Activities the District operates similar to private business. <u>The District does not report any program for this designation.</u>	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here. The private-purpose trust and employee benefit trust funds are reported here.
Required financial statements	Statement of net position and statement of activities.	Balance sheet and statement of revenues, expenditures, and changes in fund balance.	Statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.	Statement of fiduciary net position and statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets 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, both financial and capital, short-term and long-term.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, and expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received or paid.

MENASHA JOINT SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2019**

Table #2

Condensed Statement of Net Position			
	<u>2019</u>	<u>2018</u>	<u>% Change</u>
<u>Assets</u>			
Current Assets	\$14,374,375	\$14,110,144	2%
Noncurrent Assets	\$ -	\$4,424,574	-100%
Capital Assets	<u>\$52,334,255</u>	<u>\$53,765,827</u>	-3%
Total Assets	<u>\$66,708,630</u>	<u>\$72,300,545</u>	-8%
Deferred Outflows of Resources	<u>\$23,742,175</u>	<u>\$13,483,999</u>	76%
<u>Liabilities</u>			
Current Liabilities	\$6,566,737	\$6,920,809	-5%
Noncurrent Liabilities	<u>\$49,319,441</u>	<u>\$46,144,578</u>	7%
Total Liabilities	<u>\$55,886,178</u>	<u>\$53,065,387</u>	5%
Deferred Inflows of Resources	<u>\$15,696,715</u>	<u>\$13,512,211</u>	16%
<u>Net Position</u>			
Net Investment in Capital Assets	\$12,964,255	\$11,920,827	9%
Restricted	\$1,951,373	\$1,658,356	18%
Unrestricted	<u>\$3,952,284</u>	<u>\$5,627,763</u>	-30%
Total Net Position	<u>\$18,867,912</u>	<u>\$19,206,946</u>	-2%

Statement of Net Position: (Table #2)

The District's overall financial status, as reflected in total net position, decreased by \$339,034 to \$18.9M. The District reported total assets of \$66.7M, of which \$52.3M are capital assets. The District reported total liabilities of \$55.9M, of which \$49.3M are long-term liabilities.

MENASHA JOINT SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2019**

Table #3

Changes in Net Position from Operating Results For Governmental Activities					
	<u>2018-19</u>	<u>%</u>	<u>2017-18</u>	<u>%</u>	<u>% Change</u>
Revenues:					
Program:					
Charges for Services	\$3,276,274	6%	\$5,055,906	9%	-35%
Operating Grants	\$7,295,416	12%	\$6,714,409	12%	9%
General:					
Property Taxes	\$16,134,895	28%	\$15,502,893	27%	4%
General State Aids	\$30,781,161	53%	\$29,497,576	51%	4%
Other	\$357,125	1%	\$249,253	1%	43%
Total Revenues	<u>\$57,844,871</u>	<u>100%</u>	<u>\$57,020,037</u>	<u>100%</u>	1%
Expenses:					
Instruction	\$27,686,110	47%	\$25,802,785	46%	7%
Support Services	\$17,756,151	30%	\$18,653,583	33%	-5%
Nonprogram	\$5,594,343	10%	\$4,702,692	8%	19%
Food Service	\$2,208,839	4%	\$2,286,267	4%	-3%
Community Service	\$1,074,363	2%	\$948,199	2%	13%
Interest and Fiscal Charges	\$1,638,309	3%	\$1,659,836	3%	-1%
Unallocated Depreciation	\$2,225,790	4%	\$2,282,364	4%	-2%
Total Expenses	<u>\$58,183,905</u>	<u>100%</u>	<u>\$56,335,726</u>	<u>100%</u>	3%
Change in Net Position	<u>(\$339,034)</u>		<u>\$684,311</u>		-150%

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2019

The following are examples of the types of expenditures included in (Table #3):

- Instruction costs include expenses for all activities that are part of the District's program. This includes expenses for formally organized and/or separately budgeted instructional activities that are carried out during the academic year.
- Academic support costs include expenses incurred to provide support services for the District's primary missions: instruction and public service. This category also includes expenses for central, executive-level activities concerned with District management and long-range planning, fiscal operations, administrative data processing, employee personnel and records, storerooms, and printing, etc.
- Nonprogram expenditures in general are any expenditures that are for purposes other than the instructional activities the District is primarily created to conduct. These include overhead, utility costs, transportation, and contracted services.
- Food service expenditures include all those expenses related to the preparation and delivery of food to the District as well as supervision of the student body during lunch hours.
- Community service accounts for activities such as adult education, community recreation programs, non-special education preschool, day care services, and other programs which are not elementary and secondary education programs but have the primary function of serving the community. Examples of these types of expenses are salaries, benefits, travel, purchased services, etc.
- Interest and fiscal charges relate to all those costs incurred for banking and interest charges related to the District's long-term debt obligations.
- Unallocated depreciation expenditures are related to allocating the cost of a tangible asset over its useful life.

Revenues: (Table #3)

- For FY19, the District received \$57.8M in revenue. This is an increase of 1% or \$824,834 over the previous year. Property taxes increased from the prior year by \$632,002 to \$16.1M and general state aids increased by \$1.3M to \$30.8M. For FY19, 28% of total revenue came from local school property taxes, and 53% of the total came in the form of general state aids. The District received approximately 18% of all revenue in the form of specific use state aid, federal grants, contributions from individuals, and direct fees for services.

MENASHA JOINT SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2019**

Revenues: (Table #3) - Continued

- Individuals who directly participated or received benefits from a program offering contributed \$3.3M of the cost, a decrease of \$1.8M from the prior year. Book and activity fees, admissions to athletic events, school lunch fees, open enrollment tuition, and building rental fees are included here.
- Individuals and federal and state government subsidized certain programs with grants and contributions of \$7.3M, which is an increase of \$581,007 from the prior year. Special education, transportation, breakfast, and lunch aids are included here.

Expenses: (Table #3)

- For FY19, the District's total expenditure amount was \$58.2M. This is an increase of \$1.8M from the prior year. For FY19, 47% was directed to instruction and 30% was directed to support services. Nonprogram expenditure amounts were 10% of the total. The food service and community service programs represented 6%, and costs for debt service represented 3% of total expenditures.

MENASHA JOINT SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2019**

Table #4

Net Cost of Governmental Activities		
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	2019	2019
Instruction	\$27,686,110	\$21,658,965
Support Services	\$17,756,151	\$15,890,889
Nonprogram	\$5,594,343	\$5,269,789
Food Service	\$2,208,839	(\$40,938)
Community Service	\$1,074,363	\$969,411
Interest and Fiscal Charges	\$1,638,309	\$1,638,309
Unallocated Depreciation	\$2,225,790	\$2,225,790
Totals	\$58,183,905	\$47,612,215

Net Cost of Governmental Activities: (Table #4)

- Total cost of all governmental activities was \$58.2M.
- Net cost of governmental activities, \$47.6M, was financed by general revenues, which are primarily made up of property taxes, \$16.1M, and general state aids, \$30.8M. Miscellaneous and investment earnings accounted for \$357,125. In addition, District operations were subsidized by \$10.6M, which was collected through direct fees and operating grants.

General Fund Budgetary Comparison:

- Consistent with current state statutes and regulations, an original budget is adopted in October to reflect the actual revenue cap and state aid certification. The District amended its originally adopted budget in 2018-19.
- Fund 10 budget was originally approved with a surplus of \$20,011. The actual results for the year showed a surplus of \$3,944.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2019

Fund Balances:

- The District shows a total for all fund balances of \$10,442,055 as of June 30, 2019.
- \$8,089,680 is in the General Fund (Fund 10). This represents 20% of expenditures. The majority of this fund balance is assigned for future contractual salary obligations.
- \$1,539,828 in the Debt Service Fund (Funds 38 & 39) is reserved to make future payments on long-term debt as required by law.
- Fund balances in the Food Service Fund and Community Service Fund will be used to fund continuing operations in those funds.

Capital Asset and Debt Administration:

Capital Assets

- At year-end, the District had \$52.3M in capital assets. Further detail can be found in Note 3 to the financial statements.

Long-term Debt

- At year-end, the District had \$51.7M in long-term obligations. Further detail can be found in Note 5 to the financial statements.

Decisions That Will Impact the Future of the District:

State imposed revenue limits will continue to challenge the budgets of school districts throughout the state, especially those with steady or declining enrollments. The state made no change to the revenue limit instead opting to continue to fund categorical per pupil aid. This aid can be changed in any budget cycle with more ease than lowering the revenue limit. The change in per pupil amount does not have an impact on the overall district budget due to it being one-time money and could be removed at any time. As in past years, the revenue limit guidelines set forth by the state creates an even larger challenge for schools to balance the budget without impacting educational programs and local school tax levies. Current revenue limit laws allow school districts to make up any reduction in state aid by increasing local property taxes within the total allowed revenue limits. Any further reductions in state general aid could result in increased property taxes under current law. Property tax increases are unpopular with the community and, therefore, distasteful to legislators. Changes in the revenue limit law, possible tax levy limits/freezes, or other related proposals will continue to be reviewed, making future general fund revenues uncertain.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2019

Decisions That Will Impact the Future of the District - Continued:

The District realized a decrease in total enrollment over the prior year with an enrollment head count total of 3,774 students' Pre-K through Grade 12. However, given the current enrollment trend and the characteristics of the revenue limit law, which has been in place since 1993, the District will again be required to plan for a significant projected shortfall even with the operation budget reductions planned for the subsequent budget. It should be noted that the District took measures to reduce the projected shortfalls for the 2015-2016 budget year with benefit concessions by District employees as well as changes in state law to meet the overall reductions in state equalization aid. Budget planning utilizes the services of Prudent Man Analysis (PMA) to forecast budget projections for 2018-19 and beyond.

Impact of Projected Budget Reductions - The largest share of the District's expenditure budget (approximately 61% of total operating expenditures) is for salaries and benefits of staff that provide direct instruction and other support services. In order to balance the 2018-19 budget, the District negotiated strongly for a favorable renewal for the health insurance benefits of District employees. Although there were minimal increases from these changes, the District still faced numerous needs in other areas that ultimately could not be avoided and will impact the District's fund balance in future years. The District also had a one-time increase to the health insurance expense to fix a balance sheet imbalance.

Projected Cost of Health & Dental Insurance - Although the District has taken positive steps to contain the cost of health and dental insurance benefits changing from the point-of-service plan to an HMO, while providing very reasonable benefits for its employees, the rate of increase in these benefits continues to exceed the rate of increase allowed for by the revenue limit guidelines. Therefore, benefits have the potential to increase the percentage share of total compensation for employees.

Contacting the District's Financial Management:

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Brian Adesso, Director of Business Services, Menasha Joint School District, 100 Main Street, P.O. Box 340, Menasha, WI 54952.

BASIC FINANCIAL STATEMENTS

MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN

STATEMENT OF NET POSITION

June 30, 2019

ASSETS

Current assets:

Cash and investments	\$ 8,852,760
Taxes receivable, net	3,605,137
Accounts receivable	472,972
Due from other governments	1,414,570
Prepaid expense	28,936
Total current assets	<u>14,374,375</u>

Capital assets:

Land, buildings and equipment	77,648,883
Less accumulated depreciation	<u>25,314,628</u>
Net capital assets	<u>52,334,255</u>

Total assets	<u>66,708,630</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to WRS pension	21,642,080
Deferred outflows related to OPEB	1,908,118
Deferred outflows related to OPEB - LRLIF	181,022
Deferred outflows related to supplemental pension	<u>10,955</u>
Total deferred outflows of resources	<u>23,742,175</u>

LIABILITIES

Current liabilities:

Current portion of long-term debt	2,382,500
Accounts payable	378,476
Accrued salaries and related items	3,553,844
Accrued interest payable	251,917
Total current liabilities	<u>6,566,737</u>

Long-term liabilities:

Bonds and notes payable	37,075,000
Bond premium	876,199
Net pension liability - WRS	5,309,170
Net OPEB liability - LRLIF	1,011,265
Net OPEB liability	4,445,465
Net pension liability - supplemental pension	602,342
Total long-term liabilities	<u>49,319,441</u>

Total liabilities	<u>55,886,178</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to WRS pension	15,363,198
Deferred inflows related to OPEB - LRLIF	270,502
Deferred inflows related to OPEB	11,313
Deferred inflows related to supplemental pension	51,702
Total deferred inflows of resources	<u>15,696,715</u>

NET POSITION

Net investment in capital assets	12,964,255
Restricted	1,951,373
Unrestricted	3,952,284
Total net position	<u>\$ 18,867,912</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction:				
Undifferentiated curriculum	\$ 6,939,625	\$ 1,232,399	\$ 38,731	\$ (5,668,495)
Regular curriculum	11,140,078	1,232,399	385,323	(9,522,356)
Special curriculum	7,379,474	183,751	2,943,046	(4,252,677)
Other instruction	2,226,933	--	11,496	(2,215,437)
Total instruction	27,686,110	2,648,549	3,378,596	(21,658,965)
Support services:				
Pupil services	2,429,665	--	581,268	(1,848,397)
Instructional staff services	2,610,411	--	685,128	(1,925,283)
General administration	479,684	--	44,095	(435,589)
School building administration	2,603,927	--	--	(2,603,927)
Business administration	7,739,164	--	529,069	(7,210,095)
Other support services	1,893,300	20,199	5,503	(1,867,598)
Total support services	17,756,151	20,199	1,845,063	(15,890,889)
Nonprogram expenses	5,594,343	--	324,554	(5,269,789)
Food service	2,208,839	541,251	1,708,526	40,938
Community service	1,074,363	66,275	38,677	(969,411)
Interest and fiscal charges	1,638,309	--	--	(1,638,309)
Unallocated depreciation	2,225,790	--	--	(2,225,790)
Totals	\$ 58,183,905	\$ 3,276,274	\$ 7,295,416	(47,612,215)
General revenues:				
General state aids				30,781,161
Property taxes levied for:				
General purposes				10,386,470
Debt service				4,542,425
Community service				1,206,000
Interest income				119,666
Miscellaneous				237,459
Total general revenues				47,273,181
Change in net position				(339,034)
Net position, beginning of year				19,206,946
Net position, end of year				\$ 18,867,912

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

June 30, 2019

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,461,622	\$ 1,539,828	\$ 851,310	\$ 8,852,760
Taxes receivable, net	3,605,137	--	--	3,605,137
Accounts receivable	470,630	--	2,342	472,972
Due from other funds	133	--	--	133
Due from other governments	1,363,986	--	50,584	1,414,570
Prepaid expense	28,936	--	--	28,936
Total assets	<u>\$ 11,930,444</u>	<u>\$ 1,539,828</u>	<u>\$ 904,236</u>	<u>\$ 14,374,508</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 289,238	\$ --	\$ 89,238	\$ 378,476
Accrued salaries and related items	3,551,526	--	2,318	3,553,844
Due to other funds	--	--	133	133
Total liabilities	<u>3,840,764</u>	<u>--</u>	<u>91,689</u>	<u>3,932,453</u>
Fund balances:				
Nonspendable	28,936	--	--	28,936
Spendable:				
Restricted	--	1,539,828	382,609	1,922,437
Assigned	8,060,744	--	429,938	8,490,682
Total fund balances	<u>8,089,680</u>	<u>1,539,828</u>	<u>812,547</u>	<u>10,442,055</u>
Total liabilities and fund balances	<u>\$ 11,930,444</u>	<u>\$ 1,539,828</u>	<u>\$ 904,236</u>	<u>\$ 14,374,508</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2019

Total fund balances for governmental funds		\$ 10,442,055
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The capital assets consisted of:		
Land	1,859,197	
Land improvements, net of \$954,980 accumulated depreciation	1,804,147	
Buildings, net of \$20,316,902 accumulated depreciation	46,597,860	
Machinery and equipment, net of \$4,042,746 accumulated depreciation	<u>2,073,051</u>	
Total capital assets		52,334,255
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		
		(251,917)
Deferred outflows of resources related to OPEB and pensions are applicable to future periods and, therefore, are not reported in the funds.		
		23,742,175
Deferred inflows of resources related to OPEB and pensions are applicable to future periods and, therefore, are not reported in the funds.		
		(15,696,715)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest is not accrued in governmental funds but, rather, is recognized as expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2019, are:		
Bonds and notes payable, including current portion	(39,457,500)	
Bond premium	(876,199)	
Net pension liability - WRS	(5,309,170)	
Net OPEB liability - LRLIF	(1,011,265)	
Net OPEB liability	(4,445,465)	
Net pension liability - supplemental pension	<u>(602,342)</u>	(51,701,941)
Total net position of governmental activities		<u>\$ 18,867,912</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2019

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 11,065,998	\$ 4,545,032	\$ 1,854,624	\$ 17,465,654
Interdistrict sources	2,088,054	--	--	2,088,054
Intermediate sources	47,287	--	--	47,287
State sources	33,787,197	--	43,917	33,831,114
Federal sources	2,492,225	--	1,664,609	4,156,834
Other revenue	193,255	62,673	--	255,928
Total revenues	49,674,016	4,607,705	3,563,150	57,844,871
Expenditures:				
Instruction:				
Undifferentiated curriculum	6,606,056	--	--	6,606,056
Regular curriculum	10,587,947	--	2,390	10,590,337
Special curriculum	6,976,869	--	--	6,976,869
Other instruction	2,123,886	--	--	2,123,886
Total instruction	26,294,758	--	2,390	26,297,148
Support services:				
Pupil services	2,311,556	--	--	2,311,556
Instructional staff services	2,502,264	--	--	2,502,264
General administration	461,877	--	--	461,877
School building administration	2,475,589	--	--	2,475,589
Business administration	8,078,697	--	--	8,078,697
Debt service	--	4,253,535	--	4,253,535
Other support services	2,192,523	--	--	2,192,523
Total support services	18,022,506	4,253,535	--	22,276,041
Nonprogram expenses	5,594,343	--	--	5,594,343
Food service	--	--	2,208,664	2,208,664
Community service	--	--	1,049,031	1,049,031
Total expenditures	49,911,607	4,253,535	3,260,085	57,425,227
Excess of revenues (under) expenditures	(237,591)	354,170	303,065	419,644
Other financing sources (uses):				
Operating transfers in	--	--	5,000	5,000
Operating transfers (out)	(5,000)	--	--	(5,000)
Net other financing sources (uses)	(5,000)	--	5,000	--
Net change in fund balances	(242,591)	354,170	308,065	419,644
Fund balances, beginning of year	8,332,271	1,185,658	504,482	10,022,411
Fund balances, end of year	\$ 8,089,680	\$ 1,539,828	\$ 812,547	\$ 10,442,055

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Net change in fund balances-governmental funds	\$	419,644
The change in net position reported for governmental activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is capitalized and depreciated over their useful lives. This is the amount by which depreciation exceeds capital outlays in the current period.	(1,431,572)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which pension expense exceeds the amount contributed based on WRS calculations.	(2,050,963)
Governmental funds report District other post employment benefit contributions as expenditures. However, in the statement of activities, the cost of other post employment benefits earned net of employee contributions is reported as an expense. This is the amount by which other post employment benefit expense exceeds the amount contributed based on LRLIF calculations.	(102,443)
Accrued interest expense on long-term debt is reported in the district-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, accrued interest is not reported as an expenditure in governmental funds.		18,659
Other post employment benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned throughout the year. Other post employment benefits earned are less than the amounts paid.		277,664
Governmental funds report the actual supplemental pension payments made. The district-wide statement of activities includes supplemental pension payments on an accrual basis. This is the amount by which the accrual basis is more than the actual payments in the current year.	(66,590)
Bond premiums are reported in the governmental funds as a revenue in the statement of activities, these transactions are capitalized and amortized over the life of the bonds.		34,067
Loan proceeds are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which repayments exceed proceeds.		<u>2,562,500</u>
Changes in net position of governmental activities	\$ (<u><u>339,034</u></u>)

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

June 30, 2019

	Agency Funds	Private Purpose Trust Fund	Employee Benefit Trust Fund
ASSETS			
Cash and investments	\$ 235,260	\$ 12,906	\$ 2,794,649
LIABILITIES			
Accounts payable	--	--	342,658
Due to student organizations	235,260	--	--
Total liabilities	235,260	--	342,658
NET POSITION			
Restricted for OPEB	--	--	2,451,991
Restricted for scholarships	--	12,906	--
Total net position	\$ --	\$ 12,906	\$ 2,451,991

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

For the Year Ended June 30, 2019

	Private Purpose Trust Fund	Employee Benefit Trust Fund
ADDITIONS		
Employer contributions - OPEB	\$ --	\$ 752,030
Member contributions - OPEB	--	53,814
Investment income	3,149	141,558
Gifts	25	--
Total additions	3,174	947,402
DEDUCTIONS		
Transfer to Menasha Education Fund	295,447	--
Employee benefit payments - OPEB	--	792,195
Total deductions	295,447	792,195
Change in net position	(292,273)	155,207
Net position, beginning of year	305,179	2,296,784
Net position, end of year	\$ 12,906	\$ 2,451,991

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

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

A. Reporting Entity

Menasha Joint School District is a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of three taxing districts. The District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement since it has decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and it is primarily accountable for fiscal matters. In addition, there are no component units, as defined in GASB Statement 61 that are included in the District's reporting entity.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, as prescribed by the Wisconsin Department of Public Instruction for elementary and secondary school districts, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District operates the following major governmental funds:

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

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

The District operates the following nonmajor governmental funds:

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses special revenue funds to account for its special revenue trust, food service, and community service funds.

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

Long-term Capital Improvement Fund - the long-term capital improvement fund is used to account for financial resources to be used for the acquisition or construction of capital facilities. The District may not expend money deposited into the trust fund for a period of five years.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Fiduciary Funds - fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include private-purpose trust, employee benefit, and agency funds. Donations for scholarships and other bequests are accounted for in private-purpose trust funds. Private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. Employee benefit trust funds are set up to put aside monies for future post retirement benefits. They are irrevocable and can only be dissolved after all the trust assets have been used for their intended purpose. Activities of student organizations are accounted for in an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation

District-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between governmental and business-type activities of the District. The District did not have any business-type activities in place at June 30, 2019.

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation between the district-wide statements and the governmental fund statements.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between the direct expenses and program revenues for each function or program of the governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reported funds by type. Each major governmental fund is presented in a single column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, tuition, grants, and student fees.

Expenditures

Under the accrual basis of accounting, expenditures are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure control is exercised at the object level in the general fund and at the total expenditures level for all other funds. Reported budget amounts are as originally adopted or as amended by the Board of Education (Board) resolution.

F. Cash and Investments

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

All investments are stated at fair value. Determination of fair value for investment in the State Treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board. Determination of fair value for investment held for the employment benefit trust fund is based on information provided by BMO Financial Group.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

G. Property Taxes

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and the final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period that the taxes are levied as if they are due in the current year and available to pay current liabilities. The 2018 tax levy is used to finance operations of the District's fiscal year ended June 30, 2019. All property taxes are considered due on January 1, 2019, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

H. Receivables

Receivables at June 30, 2019, consisted of taxes, accounts, interest, and governmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of federal and state programs.

I. Inventories and Prepaid Items

Inventories are valued at the lower of cost or the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested amount of 144 days. The District's policy does not allow accumulated employee vacation to vest. Upon retirement, employees are entitled to continue receiving District funded health and, for teachers, dental insurance. Custodial, maintenance, food service and secretarial employees receive one month of health insurance for every six days of unused sick leave. Teachers receive health and dental insurance until age 65 or until they become eligible for Medicare, whichever comes first. Termination of employment other than retirement results in the loss of accumulated sick leave benefits.

Benefits that require payment in future fiscal years though related to currently received services are recorded as expenditure in the period or periods in which they are paid or are normally payable rather than the period in which they are incurred. The value of vested benefits payable in future fiscal periods are recorded in the district-wide statements.

K. Capital Assets and Depreciation

General capital assets are reported in the district-wide statement of net position but not in the fund financial statements.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. Donated fixed assets are recorded at their fair value as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than five years, unless their exclusion as a group would make the financial statements materially misleading. The District does not possess any infrastructure. All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings	20-50 years
Land improvements	20 years
Machinery and equipment	5-20 years

L. Interfund Activity

Short-term interfund loans are classified as interfund receivables/payables in the fund financial statements. These amounts are eliminated in the statement of net position.

M. Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the district-wide financial statements.

For governmental fund financial statements, accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgements and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

N. Deferred Outflows / Inflows of Resources

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items in this category relating to its share of the WRS pension plan, supplemental pension plan, OPEB plan, and LRLIF OPEB plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 items in this category relating to its share of the WRS pension plan, supplemental pension plan, OPEB plan, and LRLIF OPEB plan.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

O. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and the District's supplemental pension plan and additions to/deductions from pension plan's fiduciary net position have been determined on the same basis as they are reported to the District. 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.

P. Other Post-Employment Benefits Plan

For purposes of measuring the net other post-employment benefits (OPEB) liability and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/ deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported to the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Other Post-Employment Benefits Plan - LRLIF

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position that 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.

R. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for the classifications of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - this classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions of enabling legislation.

Committed fund balance - these amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance at June 30, 2019.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Assigned fund balance - this classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board and the Director of Business Services have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts in governmental funds that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - this fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds. The District did not have any unassigned fund balance at June 30, 2019.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

The Board has set a general fund minimum fund balance target of at least 20% of expenditures and recurring transfers of both the general and special education funds or a balance sufficient to avoid cash flow borrowing, whichever is greater. The special education fund does not meet the definition of a special revenue fund as defined in GASB pronouncements and the activity in this fund is consolidated with the general fund in the fund financial statements.

S. Use of Estimates

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

Note 2. Cash and Investments:

The debt service fund and capital projects fund account for their transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the trust and agency funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

The District is required to invest its funds in accordance with Wisconsin Statute 66.0603 (1M). The Board has adopted an investment policy pursuant to these statutes that allows the District to invest in the following:

Time deposits

Securities guaranteed by the U.S. Government

Securities of Wisconsin Municipal Units

Securities of Wisconsin Educational and Local Government Investment Pool

Bonds issued by a local exposition district

Bonds issued by a local professional baseball park district

Bonds issued by a local professional stadium district

Bonds issued by the University of Wisconsin Hospitals and Clinics Authority

Bonds issued by a local cultural arts district

Bonds issued by the Wisconsin Aerospace Authority

Securities which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired and received the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

Securities of an open-ended management investment company or investment trust, if the investment company does not charge a sales load, is registered under the investment company act of 1940, and the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed by the federal government, or repurchase securities that are fully collateralized by bonds or securities

Under the 2005 Wisconsin Act 99, school districts are allowed to invest funds held in trust to provide for post employment health care benefits and other post employment benefits provided separately from a defined benefit pension plan in the same manner as authorized for investments under Wisconsin Statute 881.01 "Uniform Prudent Investor Act".

Under Wisconsin Statute 881.01, a trustee who invests and manages assets of the trust must comply with the prudent investor rule set forth in the statute. This rule requires the trustee of an employee benefit trust fund to exercise reasonable care, skill and caution when investing and managing the assets of the trust.

The carrying amount of the District's cash and investments totaled \$11,895,575 on June 30, 2019, as summarized below:

Petty cash funds	\$	525
Deposits with financial institutions		49,558
Investments:		
Wisconsin investment series cooperative		9,438,107
BMO Financial Group		2,405,056
Local government investment pool		2,329
Total	\$	11,895,575

Reconciliation to the basic financial statements:

Statement of net position	\$	8,852,760
Fiduciary funds:		
Employee benefit trust		2,794,649
Student scholarship		12,906
Agency funds		235,260
Total	\$	11,895,575

Deposits and investments of the District are subject to various risks. Presented below is a discussion of specific risks and the District's policy related to each risk.

Custodial Credit Risk

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

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian. In addition, the State of Wisconsin has a State Guarantee Fund that provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

As of June 30, 2019, the carrying amount of the District's bank deposits was \$49,558 and the bank balance was \$1,241,046. Of the bank balances, \$404,418 was covered by FDIC insurance and the remaining \$836,628 was collateralized by US Bank, thru Federal Home Loan Mortgage Corporation.

The District's investments for the employee benefit trust are held in an irrevocable trust and are registered in the name of the corporate trustee for the benefit of the District. The District's investments are not exposed to custodial credit risk because the assets are held in the irrevocable trust and cannot be assigned to the obligations of the custodian in the case of the custodian becoming insolvent.

The investment in the Local government investment pool is insured against defaults in principal payments by Financial Security Assurance Incorporated.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. For investments (other than invested under Wisconsin State Statute 881.01), Wisconsin statutes limit investments in securities to the two ratings assigned by nationally recognized statistical rating organizations.

The District does not have a formal policy to address credit risk, but the risk is mitigated by the fact that the District is not invested in any individual securities and is invested in index funds, which allow for a more diversified portfolio. None of the District's investments are rated.

Following is the distribution of the District's investments by each investment type:

<i>Investment Type</i>	<u>Cost</u>	<u>Fair Value</u>
WISC Investment Series - money market account	\$ 9,438,107	\$ 9,438,107
Local Government Investment Pool	2,329	2,329
BMO Financial Group		
Money market funds	77,274	77,274
Bond mutual funds	1,190,712	1,215,555
Equity mutual funds	942,348	1,112,227
Totals	<u>\$ 11,650,770</u>	<u>\$ 11,845,492</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy to address interest rate risk, but the risk is mitigated by the fact that the District is not invested in any individual bond security and is invested in bond index funds, which allow for a more diversified portfolio.

Note 3. Changes in Capital Assets:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Land	\$ 1,859,197	\$ --	\$ --	\$ 1,859,197
Land improvements	2,759,127	--	--	2,759,127
Buildings	66,914,762	--	--	66,914,762
Machinery and equipment	5,700,778	794,218	379,199	6,115,797
Totals	77,233,864	794,218	379,199	77,648,883
Accumulated depreciation:				
Land improvements	850,344	104,636	--	954,980
Buildings	18,846,598	1,470,304	--	20,316,902
Machinery and equipment	3,771,095	628,936	357,285	4,042,746
Totals	23,468,037	2,203,876	357,285	25,314,628
Net totals	\$ 53,765,827	\$(1,409,658)	\$ 21,914	\$52,334,255

All depreciation expense was charged to unallocated depreciation.

Note 4. Interfund Transactions:

Interfund transfers on the fund financial statements at June 30, 2019, consisted of the following:

Transfer from the general fund to the long-term capital improvement fund	\$ 5,000
--	----------

The interfund transfer between the general fund and the long-term capital improvement fund was made to increase the balance in the long-term capital improvement fund.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 5. Long-term Obligations:

Long-term obligations of the District are as follows:

<i>Type</i>	<u>Beginning Balance,</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
General obligation debt	\$42,020,000	\$ --	\$2,562,500	\$39,457,500	\$2,382,500
Bond premium	910,266	--	34,067	876,199	--
Net pension liability - WRS	--	5,309,170	--	5,309,170	--
Net OPEB liability - LRLIF	1,142,863	--	131,598	1,011,265	--
Net OPEB liability	4,076,437	369,028	--	4,445,465	--
Net pension liability - supplemental pension	<u>557,512</u>	<u>44,830</u>	<u>--</u>	<u>602,342</u>	<u>--</u>
Totals	<u>\$48,707,078</u>	<u>\$ 5,723,028</u>	<u>\$ 2,728,165</u>	<u>\$51,701,941</u>	<u>\$2,382,500</u>

Total interest paid for the year ended June 30, 2019, was \$1,690,310 on long-term debt.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2019, is comprised of the following issues:

<i>Description</i>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balances</u>
State trust fund	8/23/16	3.00%	3/15/26	\$ 2,925,000
General obligation bonds	3/1/12	4.375%	3/1/21	340,000
General obligation bonds	12/15/14	1.0-2.0%	3/1/21	1,965,000
General obligation bonds	9/3/13	2.0-5.0%	3/1/33	26,870,000
General obligation bonds	11/25/14	2.0-3.0%	3/1/29	5,270,000
Taxable general obligation bond - QZAB	3/17/14	0.0%	3/1/24	2,000,000
State trust fund loan - QSCB	9/15/10	4.25%	3/15/20	<u>87,500</u>
Total general obligation debt				<u>\$ 39,457,500</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 5. Long-term Obligations - Continued:

The Qualified School Construction Bond (QSCB) provides for a 100% federal subsidy on the total interest requirements. Since the District is not required to pay any interest during the term of the loan, the interest requirements for this bond are not shown in the accompanying schedule of maturities.

The Qualified Zone Academy Bond (QZAB) provides for a 100% federal subsidy on the total interest requirements. Since the District is not required to pay any interest during the term of the loan, the interest requirements for this bond are not shown in the accompanying schedule of maturities.

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,406,322,239. The legal debt limit and margin of indebtedness as of June 30, 2019, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Debt limit (10% of \$1,406,322,239)	\$ 140,632,224
Deduct long-term debt applicable to debt margin	<u>39,457,500</u>
Margin of indebtedness	<u>\$ 101,174,724</u>

Aggregate cash flow requirements for the retirement of general obligation debt principal and interest on June 30, 2019, are as follows:

Year ending <i>June 30,</i>	Principal	Interest	Totals
2020	\$ 2,382,500	\$ 1,570,186	\$ 3,952,686
2021	1,940,000	1,515,468	3,455,468
2022	2,845,000	1,450,685	4,295,685
2023	2,915,000	1,348,235	4,263,235
2024	3,045,000	1,241,920	4,286,920
2025-2029	15,145,000	4,730,950	19,875,950
2030-2033	<u>11,185,000</u>	<u>1,355,430</u>	<u>12,540,430</u>
Totals	<u>\$ 39,457,500</u>	<u>\$ 13,212,874</u>	<u>\$ 52,670,374</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 6. Fund Balance Reporting:

The following table discloses details of the amounts reported in the various fund balance categories as of June 30, 2019:

<i>Description</i>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:				
Nonspendable:				
Prepaid expense	\$ 28,936	\$ --	\$ --	\$ 28,936
Restricted:				
Debt service fund	--	1,539,828	--	1,529,828
Food service fund	--	--	355,879	355,879
Capital projects fund	--	--	930	930
Capital improvement fund	--	--	25,800	25,800
Assigned:				
Employee contracts for salaries	8,060,744	--	--	8,060,744
Special revenue trust fund	--	--	69,254	69,254
Community service fund	--	--	360,684	360,684
Total fund balances	<u>\$ 8,089,680</u>	<u>\$ 1,539,828</u>	<u>\$ 812,547</u>	<u>\$ 10,442,055</u>

Note 7. Excess of Actual Expenditures Over Budget:

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

General fund:	
Undifferentiated curriculum	\$ 52,012
Regular curriculum	788,366
Other instruction	114,111
Pupil services	6,971
General administration	2,628
Business administration	136,313
Nonprogram expenses	392,372
Special education fund:	
Other instruction	1,784
Pupil services	23,184
Business administration	72,592
Other support services	525
Nonprogram expenses	77,214

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan:

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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.

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

Post-Retirement Adjustments

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

The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6 %	0 %
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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 \$1,534,407 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

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

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

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

At June 30, 2019, the District reported a liability (asset) of \$5,309,170 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.14923098%, which was an increase of 0.00021120% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$3,596,013.

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	\$ 4,135,038	\$ 7,309,262
Changes in assumptions	894,931	--
Net differences between projected and actual earnings on pension plan investments	15,801,937	8,048,257
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,752	5,679
Employer contributions subsequent to the measurement date	788,422	--
Totals	\$ 21,642,080	\$ 15,363,198

\$788,422 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 (asset) in the year ended June 30, 2019.

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

Year ending <i>June 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 7,516,739	\$ 5,524,351
2020	4,957,293	4,451,735
2021	4,853,859	3,985,275
2022	3,525,767	1,401,837
Thereafter	--	--

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

Actuarial Assumptions

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

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

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

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

Long-term Expected Return on Plan Assets

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

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

**Retirement Funds
Asset Allocation Targets
and Expected Returns**

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global equities	49	8.1	5.5
Fixed income	24.5	4.0	1.5
Inflation sensitive assets	15.5	3.8	1.3
Real estate	9	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	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

Single Discount Rate

A single discount rate of 7.0% was used to measure the total pension liability, as opposed to a discount rate of 7.2% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.0% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's proportionate share of the net pension liability (asset)	\$ 21,099,199	\$ 5,309,170	\$ (6,431,940)

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>

Payable to WRS Pension Plan

At June 30, 2019, the District reported a payable of \$274,040 for the outstanding amount of contributions in the Plan for the year ended June 30, 2019.

Note 9. General Information About the OPEB Plan:

Plan Description and Benefits Provided

The District's post-employment medical plan is a single-employer, defined benefit healthcare plan administered by the District. The plan provides medical and dental benefits to eligible retirees and their spouses. The authority to establish and amend benefit provisions is with the Board of Education. There is no financial report issued by the plan.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of the June 30, 2018 actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	34
Inactive plan members entitled to but not receiving benefits	--
Active plan members	362
Totals	396

Contributions

The contribution requirements of the District are established and may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2018, the District's average contribution rate was 6.29% of covered-employee payroll. Employees are not required to contribute to the plan.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. General Information About the OPEB Plan - Continued:

Net OPEB Liability

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 %
Salary increases	3.0 %
Investment rate of return	4.5 %, net of OPEB plan investment expenses
Healthcare cost trend rates	Medical: Initial rate of 7.5%, decreasing by 0.5% per year down to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter

Mortality rates were based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System experience from 2012-14.

Investment Policy

Funds for the OPEB plan, "Employee Benefit Trust", adheres to Wisconsin Statute 881.01 "Uniform Prudent Investor Act" which requires reasonable care, skill, and caution in the investment and managing of trust assets. The Employee Benefit Trust is managed by BMO Financial Group.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**Note 9. General Information About the OPEB Plan - Continued:
Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/2017	\$ 5,790,891	\$ 1,714,454	\$ 4,076,437
Changes for the year:			
Service cost	169,343	--	169,343
Interest	301,401	--	301,401
Differences between expected and actual experience	1,118,127	--	1,118,127
Changes of assumptions	153,570	--	153,570
Contributions - employer	--	1,275,000	(1,275,000)
Net investment income	--	98,413	(98,413)
Benefit payments	(791,083)	(791,083)	--
Net changes	951,358	582,330	369,028
Balances at 6/30/2018	\$ 6,742,249	\$ 2,296,784	\$ 4,445,465

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%-point lower (3.5%) or 1%-point higher (5.5%) than the discount rate:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
Net OPEB liability	\$ 4,786,464	\$ 4,445,465	\$ 4,115,166

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. General Information About the OPEB Plan - Continued:

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%-point lower or 1%-point higher than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Net OPEB liability	\$ 4,234,741	\$ 4,445,465	\$ 4,680,530

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 \$474,366. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,016,479	\$ --
Changes and assumptions	139,609	--
Net difference between projected and actual earnings on OPEB plan investments	--	11,313
District contributions subsequent to the measurement date	752,030	--
Totals	\$ 1,908,118	\$ 11,313

\$752,030 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, 2019.

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

Year ending <i>June 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 111,225	\$ --
2020	111,225	--
2021	111,226	--
2022	117,447	--
2023	115,609	--
Thereafter	578,043	--

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the Supplemental Pension Plan:

Plan Description and Benefits Provided

The District provides a supplemental pension benefit to eligible retirees in the form of a cash stipend. The supplemental pension plan is a single-employer defined benefit plan administered by the District. The benefits paid to eligible retirees are accounted for under GASB Statement No. 68. The plan is administered by the District and does not issue a stand-alone report.

The supplemental pension benefits are calculated as follows:

Eligible teachers, maintenance staff or secretaries will receive a one-time contribution into a Medical Trust or a 401(a) based upon a flat dollar amount per year of service in the District upon retirement. Additionally, on behalf of any eligible active employee that does meet the required years of service as of August 31, 2013, and is currently not participating in the group medical plan, the District offers a cash payment in lieu of their participation in the retirement benefit. The total amount of this cash stipend in lieu of the retirement benefit will be paid out in two equal annual payments.

The required contribution is based on projected pay-as-you-go financing requirements.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of the June 30, 2018 actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	--
Active employees	71
Total employees	76

Contributions

The District is required to provide contributions on a pay-as-you-go basis.

Net Pension Liability

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

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent, average, including inflation
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System experience from 2012-14.

The long-term expected rate of return on pension plan investments was calculated by the actuary.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the Supplemental Pension Plan - Continued:

Discount Rate

The discount rate used to measure the total pension liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/17	\$ 557,512	\$ --	\$ 557,512
Changes for the year:			
Service cost	49,252	--	49,252
Interest	20,375	--	20,375
Differences between actual and actual experience	(36,595)	--	(36,595)
Changes of assumptions	11,798	--	11,798
Contributions - employer	--	--	--
Benefits payments	--	--	--
Net investment income	--	--	--
Net changes	44,830	--	44,830
Balances at 6/30/18	\$ 602,342	\$ --	\$ 602,342

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 3.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
District's net pension liability	\$ 647,196	\$ 602,342	\$ 559,014

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the Supplemental Pension Plan - Continued:

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

For the year ended June 30, 2019, the District recognized pension expense of \$66,590. 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
Net difference between expected and actual earnings on pension plan investments	\$ --	\$ --
Differences between expected and actual experience	--	33,981
Changes of assumption	10,955	17,721
District contributions subject to the measurement date	--	--
Totals	\$ 10,955	\$ 51,702

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

Year ending <i>June 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ --	\$ 3,037
2020	--	3,037
2021	--	3,037
2022	--	3,037
2023	--	3,037
Thereafter	--	25,562

Note 11. General Information About the OPEB - LRLIF Plan:

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the OPEB - LRLIF Plan - Continued:

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:

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

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

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

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

During the reporting period, the LRLIF recognized \$7,550 in contributions from the employer.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the OPEB - LRLIF Plan - Continued:

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

At June 30, 2019, the District reported a liability of \$1,011,265 for its proportionate share of the net OPEB liability. The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.39191200%, which was an increase of 0.01204400% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$110,161.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 51,300
Net differences between projected and actual earnings on OPEB plan investments	24,168	--
Changes in assumptions	96,490	219,202
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,469	--
Employer contributions subsequent to the measurement date	3,895	--
Totals	\$ 181,022	\$ 270,502

\$3,895 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 (asset) in the year ended June 30, 2019.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the OPEB - LRLIF Plan - 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 ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 34,035	\$ 44,241
2020	34,035	44,241
2021	34,035	44,241
2022	30,641	44,241
2023	27,145	44,241
2024	16,547	43,045
2025	690	6,254

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 (Asset)	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 the 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).

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the OPEB - LRLIF Plan - Continued:

The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 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%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	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, 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 the 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.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the OPEB - LRLIF Plan - Continued:

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
District's proportionate share of the net OPEB liability (asset)	\$ 1,438,592	\$ 1,011,265	\$ 681,680

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>

Note 12. Self-funded Dental Insurance Program:

The District has established a self-funded dental benefit plan for its employees. The plan administrator, Delta Dental, is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The plan reports on a fiscal year ending June 30.

Accounting and budgeting requirements for the plan are established by the Wisconsin Department of Public Instruction. Currently, the plan is accounted for in the general fund of the District.

At June 30, 2019, the District reported a liability of \$31,737, which represents reported and unreported claims that were incurred on or before June 30, 2019, but were not paid by the District as of that date. This amount consists of claims of \$14,282 reported to the District by the plan administrator, claims of \$17,455 reported to the plan administrator but not the District, and claims of \$0, which were not yet reported to either the plan administrator or the District. The amounts not reported to the District were determined by the plan administrator.

Note 13. Limitation on School District Revenues:

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues 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

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 14. Contingent Liabilities:

Risk management - the District is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for most of these risks. There were no significant reductions in purchased coverage for the year ended June 30, 2019. No settlements exceeded insured amounts in the last three fiscal years.

Litigation - 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 counsel that the likelihood is remote, due in part to insurance coverage, that any other such claims or proceedings will have a material effect on the District's financial position.

Note 15. Fair Value Measurement:

The District's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active
- Level 3 - Investments reflect prices based upon unobservable sources

The categorization of investments with the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The fair values of the District's investments were classified as follows:

	Level 1	Level 2	Level 3	Totals
Money market funds	\$ 77,274	\$ --	\$ --	\$ 77,274
Bond mutual funds	1,215,555	--	--	1,215,555
Equity mutual funds	1,112,227	--	--	1,112,227
Wisconsin investment series cooperative	--	9,438,107	--	9,438,107
Local Government Investment Pool	--	2,329	--	2,329
Totals	\$ 2,405,056	\$ 9,440,436	\$ --	\$ 11,845,492

Investments classified in the Level 1 of the fair value hierarchy are valued using prices provided by BMO Financial Group for the District's employee benefit trust.

Investments classified in the Level 2 of the fair value hierarchy represents the District's share of the Local Government Investment Pool as provided by the State of Wisconsin Investment Board and the Wisconsin Investment Series Cooperative.

Note 16. Subsequent Events:

The District has evaluated all subsequent events through December 13, 2019, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Other Post Employment Benefits Plan

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:			
Service cost	\$ 169,343	\$ 160,515	\$ 160,515
Interest	301,401	322,556	354,011
Changes in benefit terms	--	--	--
Changes of assumptions or other input	153,570	--	--
Differences between expected and actual experience	1,118,127	--	--
Benefit payments	(791,083)	(953,144)	(1,219,751)
Net change in total OPEB liability	<u>951,358</u>	<u>(470,073)</u>	<u>(705,225)</u>
Total OPEB liability - beginning	<u>5,790,891</u>	<u>6,260,964</u>	<u>6,966,189</u>
Total OPEB liability - ending	<u>\$ 6,742,249</u>	<u>\$ 5,790,891</u>	<u>\$ 6,260,964</u>
Plan fiduciary net position:			
Contributions - employer	\$ 1,275,000	\$ 902,258	\$ 1,924,671
Net investment income	98,413	120,193	11,650
Benefit payments	(791,083)	(953,144)	(1,219,751)
Administrative expense	--	--	(5,312)
Net change in plan fiduciary net position	<u>582,330</u>	<u>69,307</u>	<u>711,258</u>
Total fiduciary net position - beginning	<u>1,714,454</u>	<u>1,645,147</u>	<u>933,889</u>
Total fiduciary net position - ending	<u>\$ 2,296,784</u>	<u>\$ 1,714,454</u>	<u>\$ 1,645,147</u>
Net OPEB liability - ending	<u>\$ 4,445,465</u>	<u>\$ 4,076,437</u>	<u>\$ 4,615,817</u>
Plan fiduciary net position as a percentage of the total OPEB liability	34.07%	29.61%	26.28%
The District's covered employee payroll	\$ 20,275,984	\$ 6,101,467	\$ 6,101,467
Net OPEB liability as a percentage of covered employee payroll	21.92%	66.81%	75.65%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 is the first year that this information has been made available due to implementation of GASB 74 and 75.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Other Post Employment Benefits Plan
Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 981,563	\$ 981,563	\$ 1,465,531
Contributions in relation to the actuarially determined contributions	<u>(1,275,000)</u>	<u>(902,258)</u>	<u>(1,924,671)</u>
Contribution deficiency (excess)	<u>\$ (293,437)</u>	<u>\$ 79,305</u>	<u>\$ (459,140)</u>
District's covered employee payroll	<u>\$ 20,275,984</u>	<u>\$ 6,101,467</u>	<u>\$ 6,101,467</u>
Contributions as a percentage of covered employee payroll	6.29%	14.79%	31.54%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 is the first year that this information has been made available due to implementation of GASB 74 and 75.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**NOTES TO REQUIRED OPEB PLAN SCHEDULES
For the Year Ended June 30, 2019**

Note 1. Changes of Benefit Terms:

There were no changes of benefit terms for this benefit.

Note 2. Changes of Assumptions:

Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. Based on the experience study conducted in 2015, 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.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Supplemental Pension Plan

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability:			
Service cost	\$ 49,252	\$ 52,574	\$ 52,574
Interest	20,375	16,958	16,104
Differences between expected and actual experience	(36,595)	--	--
Changes of assumptions or other input	11,798	(20,253)	--
Benefit payments	--	(61,500)	(18,914)
Net change in total pension liability	<u>44,830</u>	<u>(12,221)</u>	<u>49,764</u>
 Total pension liability - beginning	 <u>557,512</u>	 <u>569,733</u>	 <u>519,969</u>
Total pension liability - ending	<u>\$ 602,342</u>	<u>\$ 557,512</u>	<u>\$ 569,733</u>
 Plan fiduciary net position:			
Contributions - employer	\$ --	\$ 61,500	\$ 18,914
Benefit payments	--	(61,500)	(18,914)
Net change in plan fiduciary net position	<u>--</u>	<u>--</u>	<u>--</u>
 Total fiduciary net position - beginning	 <u>--</u>	 <u>--</u>	 <u>--</u>
Total fiduciary net position - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
 Net pension liability - ending	 <u>\$ 602,342</u>	 <u>\$ 557,512</u>	 <u>\$ 569,733</u>
 Plan fiduciary net position as a percentage of the total pension liability	 0.00%	 0.00%	 0.00%
 The District's covered employee payroll	 3,905,499	 3,936,491	 3,936,491
 Net pension liability as a percentage of covered employee payroll	 15.42%	 14.16%	 14.47%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 was the first year that this information has been made available due to implementation of GASB 68.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Supplemental Pension Plan
Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 83,219	\$ 83,219	\$ 100,127
Contributions in relation to the actuarially determined contributions	<u>--</u>	<u>(61,500)</u>	<u>(18,914)</u>
Contribution deficiency (excess)	<u>\$ 83,219</u>	<u>\$ 21,719</u>	<u>\$ 81,213</u>
District's covered employee payroll	<u>\$ 3,905,499</u>	<u>\$ 3,936,491</u>	<u>\$ 3,936,491</u>
Contributions as a percentage of covered employee payroll	0.00%	1.56%	0.48%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 was the first year that this information has been made available due to implementation of GASB 68.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTAL PENSION PLAN SCHEDULES
For the Year Ended June 30, 2019**

Note 1. Change of Benefit Terms:

There were no changes of benefit terms for this benefit.

Note 2. Change of Assumptions:

Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. Based on the experience study conducted in 2015, 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.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)**

Wisconsin Retirement System
Last 10 Fiscal Years*

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
06/30/15	0.15155728%	\$ (3,721,638)	\$ 20,908,290	102.74%
06/30/16	0.15001964%	2,437,790	21,070,044	98.20%
06/30/17	0.14913506%	1,229,229	21,546,989	99.12%
06/30/18	0.14901978%	(4,424,574)	22,174,332	102.93%
06/30/19	0.14923098%	5,309,170	22,901,249	96.45%

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

2015 was the first year that this information was made available due to implementation of GASB 68.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years***

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
06/30/15	\$ 1,465,228	\$ 1,465,228	\$ --	\$ 20,908,290	7.0%
06/30/16	1,432,760	1,432,760	--	21,070,044	6.8%
06/30/17	1,426,781	1,426,781	--	21,546,989	6.6%
06/30/18	1,506,723	1,506,723	--	22,174,332	6.8%
06/30/19	1,534,407	1,534,407	--	22,901,249	6.7%

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

2015 was the first year that this information was made available due to implementation of GASB 68.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**NOTES TO REQUIRED WRS SCHEDULES
For the Year Ended June 30, 2019**

Note 1. Change of Benefit Terms:

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

Note 2. Change 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 pension liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ASSET)
Local Retiree Life Insurance Fund
Last 10 Fiscal Years***

Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
06/30/18	0.37986800%	\$ 1,142,863	\$ 15,974,536	44.81%
06/30/19	0.39191200%	1,011,265	22,590,000	48.69%

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

2018 was the first year that this information was made available due to implementation of GASB 75.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**NOTES TO REQUIRED LRLIF SCHEDULE
For the Year Ended June 30, 2019**

Note 1. Change of Benefit Terms:

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

Note 2. Change 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, and mortality and separation rates.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Local sources	\$ 11,003,171	\$ 11,003,171	\$ 11,065,998	\$ 62,827
Interdistrict sources	1,822,817	1,822,817	1,904,302	81,485
Intermediate sources	27,164	27,164	29,881	2,717
State sources	31,342,313	31,342,313	31,815,822	473,509
Federal sources	1,351,110	1,351,110	1,419,567	68,457
Other revenue	120,199	120,199	193,255	73,056
Total revenues	<u>45,666,774</u>	<u>45,666,774</u>	<u>46,428,825</u>	<u>762,051</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	6,554,044	6,554,044	6,606,056	(52,012)
Regular curriculum	9,799,581	9,799,581	10,587,947	(788,366)
Other instruction	2,006,191	2,006,191	2,120,302	(114,111)
Total instruction	<u>18,359,816</u>	<u>18,359,816</u>	<u>19,314,305</u>	<u>(954,489)</u>
Support services:				
Pupil services	1,110,380	1,110,380	1,117,351	(6,971)
Instructional staff services	2,315,969	2,315,969	2,092,004	223,965
General administration	459,249	459,249	461,877	(2,628)
School building administration	2,698,379	2,698,379	2,475,589	222,790
Business administration	7,619,792	7,619,792	7,756,105	(136,313)
Other support services	2,198,969	2,198,969	2,191,998	6,971
Total support services	<u>16,402,738</u>	<u>16,402,738</u>	<u>16,094,924</u>	<u>307,814</u>
Nonprogram expenses	<u>4,836,757</u>	<u>4,836,757</u>	<u>5,229,129</u>	<u>(392,372)</u>
Total expenditures	<u>39,599,311</u>	<u>39,599,311</u>	<u>40,638,358</u>	<u>(1,039,047)</u>
Excess of revenues over expenditures	6,067,463	6,067,463	5,790,467	(276,996)
Other financing sources (uses):				
Operating transfers (out)	<u>(6,063,519)</u>	<u>(6,063,519)</u>	<u>(6,033,058)</u>	<u>30,461</u>
Net change in fund balance	3,944	3,944	(242,591)	(246,535)
Fund balance, beginning of year	<u>8,332,271</u>	<u>8,332,271</u>	<u>8,332,271</u>	<u>--</u>
Fund balance, end of year	<u>\$ 8,336,215</u>	<u>\$ 8,336,215</u>	<u>\$ 8,089,680</u>	<u>\$ (246,535)</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Interdistrict sources	\$ 120,000	\$ 120,000	\$ 183,752	\$ 63,752
Intermediate sources	10,000	10,000	17,406	7,406
State sources	2,050,271	2,050,271	1,971,375	(78,896)
Federal sources	1,090,955	1,090,955	1,072,658	(18,297)
Total revenues	<u>3,271,226</u>	<u>3,271,226</u>	<u>3,245,191</u>	<u>(26,035)</u>
Expenditures:				
Instruction:				
Special curriculum	7,103,826	7,103,826	6,976,869	126,957
Other instruction	1,800	1,800	3,584	(1,784)
Total instruction	<u>7,105,626</u>	<u>7,105,626</u>	<u>6,980,453</u>	<u>125,173</u>
Support services:				
Pupil services	1,171,021	1,171,021	1,194,205	(23,184)
Instructional staff services	457,021	457,021	410,260	46,761
Business administration	250,000	250,000	322,592	(72,592)
Other support services	--	--	525	(525)
Total support services	<u>1,878,042</u>	<u>1,878,042</u>	<u>1,927,582</u>	<u>(49,540)</u>
Nonprogram	<u>288,000</u>	<u>288,000</u>	<u>365,214</u>	<u>(77,214)</u>
Total expenditures	<u>9,271,668</u>	<u>9,271,668</u>	<u>9,273,249</u>	<u>(1,581)</u>
Excess of revenues under expenditures	(6,000,442)	(6,000,442)	(6,028,058)	(27,616)
Other financing sources (uses):				
Operating transfers in	<u>6,000,442</u>	<u>6,000,442</u>	<u>6,028,058</u>	<u>27,616</u>
Net change in fund balance	--	--	--	--
Fund balance, beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

OTHER SUPPLEMENTARY INFORMATION

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2019

	<u>Special Revenue</u>	<u>Capital Projects Fund</u>	<u>Long-term Capital Improvement Fund</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 824,580	\$ 930	\$ 25,800	\$ 851,310
Accounts receivable	2,342	--	--	2,342
Due from other governments	50,584	--	--	50,584
	<u>877,506</u>	<u>930</u>	<u>25,800</u>	<u>904,236</u>
Total assets	\$ 877,506	\$ 930	\$ 25,800	\$ 904,236
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 89,238	\$ --	\$ --	\$ 89,238
Accrued salaries and related items	2,318	--	--	2,318
Due to other funds	133	--	--	133
Total liabilities	91,689	--	--	91,689
Fund balances:				
Spendable:				
Restricted	355,879	930	25,800	382,609
Assigned	429,938	--	--	429,938
Total fund balances	785,817	930	25,800	812,547
Total liabilities and fund balances	\$ 877,506	\$ 930	\$ 25,800	\$ 904,236

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -**

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2019

	Special Revenue	Capital Projects Fund	Long-term Capital Improvement Fund	Totals
Revenues:				
Local sources	\$ 1,853,206	\$ 930	\$ 488	\$ 1,854,624
State sources	43,917	--	--	43,917
Federal sources	1,664,609	--	--	1,664,609
Total revenues	<u>3,561,732</u>	<u>930</u>	<u>488</u>	<u>3,563,150</u>
Expenditures:				
Instruction:				
Regular curriculum	2,390	--	--	2,390
Food service	2,208,664	--	--	2,208,664
Community service	1,049,031	--	--	1,049,031
Total expenditures	<u>3,260,085</u>	<u>--</u>	<u>--</u>	<u>3,260,085</u>
Excess of revenues over (under) expenditures	301,647	930	488	303,065
Other financing sources (uses):				
Operating transfers in	--	--	5,000	5,000
Net change in fund balances	<u>301,647</u>	<u>930</u>	<u>5,488</u>	<u>308,065</u>
Fund balances, beginning of year	<u>484,170</u>	<u>--</u>	<u>20,312</u>	<u>504,482</u>
Fund balances, end of year	<u>\$ 785,817</u>	<u>\$ 930</u>	<u>\$ 25,800</u>	<u>\$ 812,547</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2019

	Special Revenue Trust Fund	Food Service	Community Service	Totals
ASSETS				
Cash and investments	\$ 69,254	\$ 384,987	\$ 370,339	\$ 824,580
Accounts receivable	--	--	2,342	2,342
Due from other governments	--	50,584	--	50,584
Total assets	\$ 69,254	\$ 435,571	\$ 372,681	\$ 877,506
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ 79,559	\$ 9,679	\$ 89,238
Accrued salaries and related items	--	--	2,318	2,318
Due to other funds	--	133	--	133
Total liabilities	--	79,692	11,997	91,689
Fund balances:				
Spendable:				
Restricted	--	355,879	--	355,879
Assigned	69,254	--	360,684	429,938
Total fund balances	69,254	355,879	360,684	785,817
Total liabilities and fund balances	\$ 69,254	\$ 435,571	\$ 372,681	\$ 877,506

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019**

	Special Revenue Trust Fund	Food Service	Community Service	Totals
Revenues:				
Local sources	\$ 1,003	\$ 541,251	\$ 1,310,952	\$ 1,853,206
State sources	--	43,917	--	43,917
Federal sources	--	1,664,609	--	1,664,609
Total revenues	<u>1,003</u>	<u>2,249,777</u>	<u>1,310,952</u>	<u>3,561,732</u>
Expenditures:				
Instruction:				
Regular curriculum	2,390	--	--	2,390
Food service	--	2,208,664	--	2,208,664
Community service	--	--	1,049,031	1,049,031
Total expenditures	<u>2,390</u>	<u>2,208,664</u>	<u>1,049,031</u>	<u>3,260,085</u>
Excess of revenues over (under) expenditures	(1,387)	41,113	261,921	301,647
Fund balances, beginning of year	<u>70,641</u>	<u>314,766</u>	<u>98,763</u>	<u>484,170</u>
Fund balances, end of year	<u>\$ 69,254</u>	<u>\$ 355,879</u>	<u>\$ 360,684</u>	<u>\$ 785,817</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING BALANCE SHEET -
GENERAL FUND
June 30, 2019**

	General Fund	Special Education Fund	Eliminations	Total General Fund
ASSETS				
Cash and investments	\$ 5,727,463	\$ 734,159	\$ --	\$ 6,461,622
Taxes receivable, net	3,605,137	--	--	3,605,137
Accounts receivable	470,630	--	--	470,630
Due from other funds	133	--	--	133
Due from other governments	1,033,946	330,040	--	1,363,986
Prepaid expense	28,936	--	--	28,936
Total assets	\$ 10,866,245	\$ 1,064,199	\$ --	\$ 11,930,444
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 130,083	\$ 159,155	\$ --	\$ 289,238
Accrued salaries and related items	2,646,482	905,044	--	3,551,526
Total liabilities	2,776,565	1,064,199	--	3,840,764
Fund balances:				
Nonspendable	28,936	--	--	28,936
Spendable:				
Assigned	8,060,744	--	--	8,060,744
Total fund balances	8,089,680	--	--	8,089,680
Total liabilities and fund balances	\$ 10,866,245	\$ 1,064,199	\$ --	\$ 11,930,444

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GENERAL FUND**

For the Year Ended June 30, 2019

	General Fund	Special Education Fund	Eliminations	Total General Fund
Revenues:				
Local sources	\$ 11,065,998	\$ --	\$ --	\$ 11,065,998
Interdistrict sources	1,904,302	183,752	--	2,088,054
Intermediate sources	29,881	17,406	--	47,287
State sources	31,815,822	1,971,375	--	33,787,197
Federal sources	1,419,567	1,072,658	--	2,492,225
Other revenue	193,255	--	--	193,255
Total revenues	46,428,825	3,245,191	--	49,674,016
Expenditures:				
Instruction:				
Undifferentiated curriculum	6,606,056	--	--	6,606,056
Regular curriculum	10,587,947	--	--	10,587,947
Special curriculum	--	6,976,869	--	6,976,869
Other instruction	2,120,302	3,584	--	2,123,886
Total instruction	19,314,305	6,980,453	--	26,294,758
Support services:				
Pupil services	1,117,351	1,194,205	--	2,311,556
Instructional staff services	2,092,004	410,260	--	2,502,264
General administration	461,877	--	--	461,877
School building administration	2,475,589	--	--	2,475,589
Business administration	7,756,105	322,592	--	8,078,697
Other support services	2,191,998	525	--	2,192,523
Total support services	16,094,924	1,927,582	--	18,022,506
Nonprogram expenses	5,229,129	365,214	--	5,594,343
Total expenditures	40,638,358	9,273,249	--	49,911,607
Excess of revenues over (under) expenditures	5,790,467	(6,028,058)	--	(237,591)
Other financing sources (uses):				
Operating transfers in	--	6,028,058	(6,028,058)	--
Operating transfers (out)	(6,033,058)	--	6,028,058	(5,000)
Net change in fund balances	(242,591)	--	--	(242,591)
Fund balances, beginning of year	8,332,271	--	--	8,332,271
Fund balances, end of year	\$ 8,089,680	\$ --	\$ --	\$ 8,089,680

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2019**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Cash	\$ 271,121	\$ 514,244	\$ 550,105	\$ 235,260
LIABILITIES				
Due to student organizations:				
Menasha High School	\$ 194,009	\$ 409,760	\$ 455,083	\$ 148,686
Maplewood Middle School	41,268	57,478	55,251	43,495
Gegan Elementary School	2,715	5,897	7,765	847
Jefferson Elementary School	3,840	4,962	4,417	4,385
Clovis Grove Elementary School	19,844	18,532	15,027	23,349
Butte des Morts Elementary School	3,468	6,798	6,189	4,077
Banta Elementary School	3,847	9,020	5,003	7,864
Nicolet Elementary School	2,130	1,797	1,370	2,557
Total liabilities	<u>\$ 271,121</u>	<u>\$ 514,244</u>	<u>\$ 550,105</u>	<u>\$ 235,260</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019**

Federal Grantor/ Pass-Through Grantor/ Award Description	Federal Catalog Number	Pass-Through Identification Number	Accrued Receivable 6/30/18	Expenditures	Grantor Reimbursement	Accrued Receivable 6/30/19
U.S. DEPARTMENT OF AGRICULTURE						
Pass-Through Programs From:						
WI Department of Public Instruction:						
<i>Child Nutrition Cluster:</i>						
National School Breakfast	10.553	2019-703430-SB-Severe-546	\$ 14,376	\$ 436,935	\$ 435,189	\$ 16,122
National School Lunch-noncash	10.555	2019-703430-NSL-001	--	104,499	104,499	--
National School Lunch-cash	10.555	2019-703430-NSL-547	25,013	861,958	857,026	29,945
National School Milk	10.556	2019-703430-SMP-548	32	1,109	1,112	29
Summer Food Service Program	10.559	2019-703430-SFSP-586	--	42,602	42,602	--
Child Nutrition Cluster Totals			<u>39,421</u>	<u>1,447,103</u>	<u>1,440,428</u>	<u>46,096</u>
Child and Adult Care Food Program	10.558	2019-703430-CCI-551	4,584	192,302	192,398	4,488
Fresh Fruit and Vegetable Program	10.582	2019-703430-19FFVP-B-376	3,337	23,277	26,614	--
Fresh Fruit and Vegetable Program	10.582	2019-703430-CNPFruit-594	--	1,927	1,927	--
U.S. DEPARTMENT OF EDUCATION						
Pass-Through Programs From:						
WI Department of Public Instruction:						
<i>Title I:</i>						
Title I-A	84.010	2019-703430-TIA-141	553,659	811,588	1,160,091	205,156
Title I-A Focus Schools	84.010	N/A	34,948	--	34,948	--
Academic Parent Teacher Team						
Continuation Grant	84.010	N/A	4,413	--	4,413	--
Title I Totals			<u>593,020</u>	<u>811,588</u>	<u>1,199,452</u>	<u>205,156</u>
<i>Special Education Cluster:</i>						
IDEA Flow Through	84.027	2019-703430-IDEA-FT-341	442,073	798,409	1,101,840	138,642
High Cost Special Education Aid	84.027	2019-703430-IDEA-341	--	9,158	9,158	--
IDEA Preschool Entitlement	84.173	2019-703430-IDEA-PS-347	19,053	30,366	39,996	9,423
Special Education Cluster Totals			<u>461,126</u>	<u>837,933</u>	<u>1,150,994</u>	<u>148,065</u>
21st Century Community						
Learning Centers	84.287	2019-703430-CLC-367	6,169	51,266	52,313	5,122
Title III-A Grants to LEAs	84.365	2019-703430-TIIIA-391	29,599	49,202	71,461	7,340
Title III-A Immigrant Children	84.365	2019-703430-Immigrant-371	29,490	36,492	29,490	36,492
Title II-A, Teacher/ Principal						
Training and Recruiting Fund	84.367	2019-703430-TIIA-365	89,773	144,061	200,468	33,366
Title IV-A	84.424	2019-703430-TIVA-381	1,364	40,659	15,742	26,281
CESA #6:						
Carl Perkins	84.048	N/A	--	29,881	29,881	--
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass-Through Programs From:						
WI Department of Health Services:						
Medical Assistance Program	93.778	N/A	--	521,024	521,024	--
Totals						
			<u>\$ 1,257,883</u>	<u>\$ 4,186,715</u>	<u>\$ 4,932,192</u>	<u>\$ 512,406</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2019**

State Grantor/ Award Description	State ID Number	Pass-Through Identification Number	Accrued Receivable 6/30/18	Expenditures	Grantor Reimbursement	Accrued Receivable 6/30/19
WI DEPARTMENT OF PUBLIC INSTRUCTION						
Special Education and School						
Age Parents	255.101	703430-100	\$ --	\$ 1,927,116	\$ 1,927,116	\$ --
State School Lunch	255.102	703430-107	--	18,160	18,160	--
Common School Fund Library Aid	255.103	703430-104	--	141,603	141,603	--
Bilingual/Bicultural Aid	255.106	703430-111	--	252,532	252,532	--
Pupil Transportation Aid	255.107	703430-102	--	52,169	52,169	--
General Equalization Aid	255.201	703430-116	466,411	28,008,781	28,000,947	474,245
High Cost Special Education Aid	255.210	703430-119	--	34,259	34,259	--
Aid for School Mental Health	255.227	703430-176	--	74,890	74,890	--
Personal Electronic Computing	255.296	703430-175	--	29,750	29,750	--
State School Breakfast Aid	255.344	703430-108	--	25,757	25,757	--
Aid for High-poverty School District	255.926	703430-121	--	297,310	297,310	--
Educator Effective Evaluation System	255.940	703430-154	--	24,000	24,000	--
Per Pupil Aid	255.945	703430-113	--	2,400,180	2,400,180	--
Career and Technical						
Educator Incentive	255.950	703430-152	--	2,000	2,000	--
Assessments of Reading Readiness	255.956	703430-166	--	5,264	5,264	--
Robotics Lead Participation Grants	255.959	703430-167	--	2,592	2,592	--
Aid for Special Education Transition	255.960	703430-168	--	10,000	10,000	--
CESA #6:						
Special Education and School						
Age Parents	255.101	N/A	--	17,406	17,406	--
WI DEPARTMENT OF JUSTICE						
Safety Initiative	455.206	N/A	--	332,281	233,033	99,248
Totals			\$ 466,411	\$ 33,656,050	\$ 33,548,968	\$ 573,493

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND
STATE AWARDS**

For the Year Ended June 30, 2018

Note 1. Basis of Presentation:

The accompanying schedules of expenditures of federal and state awards (schedules) include the federal and state grant activity of Menasha Joint School District under programs of the federal and state governments for the year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of Menasha Joint School District, they are not intended to and do not present the financial position, changes in the net assets or cash flow of Menasha Joint School District.

Note 2. Summary of Significant Accounting Policies:

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Menasha Joint School District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

Note 3. Special Education and School Age Parents Program:

The 2018-2019 eligible costs under the state special education program as reported by the District are \$8,092,711. The 2019-2020 estimated aid reimbursement for this program is \$1,982,714.



Erickson & Associates, S.C.

Certified Public Accountants

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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*

Board of Education
Menasha Joint School District
Menasha, 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 Menasha Joint School District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a 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 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*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

December 13, 2019



Erickson & Associates, S.C.

Certified Public Accountants

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

Board of Education
Menasha Joint School District
Menasha, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Menasha Joint School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.
Appleton, Wisconsin
December 13, 2019

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019**

Summary of Auditor's Results:

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:		
	93.778	Medical Assistance Program
		<i>Special Education Cluster</i>
	84.027	IDEA Flow Through
	84.027	High Cost Special Education Aid
	84.173	IDEA Preschool Entitlement

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

State Awards

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

Identification of major state programs:		
	255.101	Special Education and School Age Parents
	255.106	Bilingual Bicultural Aid
	255.201	General Equalization Aid
	255.227	Aid for School Mental Health

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended June 30, 2019

Summary of Auditor's Results - Continued:

Dollar threshold used to distinguish between Type A and Type B programs:	\$250,000
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Financial Statement Findings:

2019-001 Financial Statement Preparation

Condition: The District has historically relied upon its auditors to assist in the preparation of the district-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the District's internal controls.

Criteria: We are required to report on whether the District is able to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting district-wide and fund financial statements, including the related footnotes.

Cause: The additional costs with hiring staff experienced in preparing financial statements, along with additional training time, outweigh the derived benefits.

Effect: Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.

Identification of a

Repeat Finding: This is a repeat finding from previous audits, see 2018-001.

Recommendation: The District should continue to evaluate the cost/benefit of outsourcing the task of preparing the financial statements to the external auditors.

**Views of
Responsible**

Officials: See District's corrective action plan.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended June 30, 2019

Federal and State Findings and Questioned Costs:

2019-002 Special Education Teachers with No Valid License

Condition: Per Wisconsin Department of Public Instruction, the District had four educators without a valid license as of the end of the District's fiscal year. The educator's salaries and benefits of \$153,890 are considered a questioned cost. As a result, the District could lose categorical aid on these expenditures.

Criteria: Educators listed on the Special Education No-Valid License report are required to be reported to the Department and their related salaries and benefits are to be disclosed as questioned costs by the auditor.

Cause: The District reported an educator in an incorrect grade category.

Effect: The District had a licensure mismatch and an employee was reported on the Special Education No-Valid License report.

Identification of a Repeat Finding: This is a repeat finding from previous audits, see 2018-002.

Recommendation: The District should review its licensure oversight procedures and implement a policy to review its employee licensure information on a periodic basis.

Views of Responsible Official: See District's corrective action plan.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2019**

Status of Prior Year Findings

The findings noted in the 2018 schedule of findings and questioned costs have been reported to the proper federal and state agencies.

2018-001 Financial Statement Preparation

Management continues to believe that due to budget constraints, it is not practicable for the District to hire additional staff to correct this finding. This is considered to be a repeat finding.

2018-002 Special Education Teachers with No Valid License

The District still had teachers without valid licenses in 2018-2019. This is a repeat finding.



Director of Business Services

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November 21, 2019

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2019

2019-001 Financial Statement Preparation

The District has evaluated the cost/benefit of outsourcing the task of preparing the financial statements to an external accountant. It would be cost prohibitive to hire additional staff or outsource the task to an outside accountant. However, management of the District has obtained the necessary skills, knowledge, and experience to accept responsibility for the preparation of the District's financial statements.

Anticipated Corrective Action Plan Completion Date: Ongoing

2019-002 Special Education Teachers with No Valid License

The District will review the licensure information for its employees on a periodic basis to ensure compliance with the Department's guidelines.

Anticipated Corrective Action Plan Completion Date: It is expected to be corrected for 2019-2020 and future years.

The contact person responsible for the corrective action plan is Brian Adesso, Director of Business.

A handwritten signature in black ink that reads "Brian Adesso".

Brian Adesso
Director of Business Services
920-967-1427

"Reaching Every Student Every Day"

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