

BRISTOL #1 SCHOOL DISTRICT

BRISTOL, WISCONSIN

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2019

BRISTOL #1 SCHOOL DISTRICT
JUNE 30, 2019

TABLE OF CONTENTS

Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 10

BASIC FINANCIAL STATEMENTS

District-wide Financial Statements	
Statement of Net Position	11 – 12
Statement of Activities	13

Fund Financial Statements

Balance Sheet – Governmental Funds	14
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Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	15
---	----

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
--	----

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
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Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position	18
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NOTES TO BASIC FINANCIAL STATEMENTS	19 – 44
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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund	45
Schedule of the District's Share of Proportionate Net Pension Liability	46
Schedule of District's Proportionate Share of Contributions	47
Schedule of Changes in the District's Total OPEB Liability and Ratios	48
Notes to Required Supplementary Information	49 – 50

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds	51
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TABLE OF CONTENTS – Continued

OTHER SUPPLEMENTARY INFORMATION - Continued

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental funds 52

Student Organization Funds
Schedule of Changes in Assets and Liabilities – Pupil Activity Fund 53

FEDERAL AND STATE AWARDS SECTION

Schedule of Expenditures of Federal Awards 54 – 55

Schedule of State Financial Assistance 56

Notes to the Schedules of Expenditures of Federal Awards and State
Financial Assistance 57

Independent Auditor’s Report on Internal Control Over Financial Reporting
And Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 58 – 59

Schedule of Findings and Questioned Costs 60 – 61

Schedule of Prior Year Audit Findings 62



Chamberlain & Henningfield

Certified Public Accountants, LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Bristol #1 School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bristol #1 School 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, and by the Wisconsin Department of Public Instruction in the Wisconsin School District Audit Manual. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bristol #1 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 and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bristol #1 School District's basic financial statements. The financial information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial information listed in the table of contents as other supplementary information is 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 January 23, 2020, on our consideration of the Bristol #1 School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bristol #1 School District's internal control over financial reporting and compliance.

Chamberlain & Henningfield, CPAs, LLP

CHAMBERLAIN & HENNINGFIELD, CPAs, LLP

Lake Geneva, Wisconsin
January 23, 2020

BRISTOL SCHOOL DISTRICT #1 MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

The discussion and analysis of Bristol School District #1's 2018-2019 financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on the school district's financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Total assets of the district are \$10,323,348. Total net position after deducting liabilities is \$5,726,313. Actual beginning net position was \$5,533,769. This represents an increase in net position of \$192,544.

In terms of general fund operations, the district had an excess of Revenues and Other Sources over Expenditures and Other Uses of \$20,513. This increased our general fund balance from \$2,381,296 at the beginning of the year to \$2,401,809 at the end of the year. This is a benchmark statistic typically used to assess fiscal performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the financial report consists of three parts: management's discussion and analysis, basic financial statements (District-wide and fund statements) including notes to the financial statements, and other required supplementary information.

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

- The *statement of net position* and *statement of activities* provide information on a district-wide basis. The statements present an aggregate view of the district's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the district. Fund statements generally report operations in more detail than the district-wide statements.

The notes to the financial statement provides further explanation of some of the information in the statements and provides 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 by including a comparison of the District's budget data for the year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of Bristol School District #1 Annual Financial Report

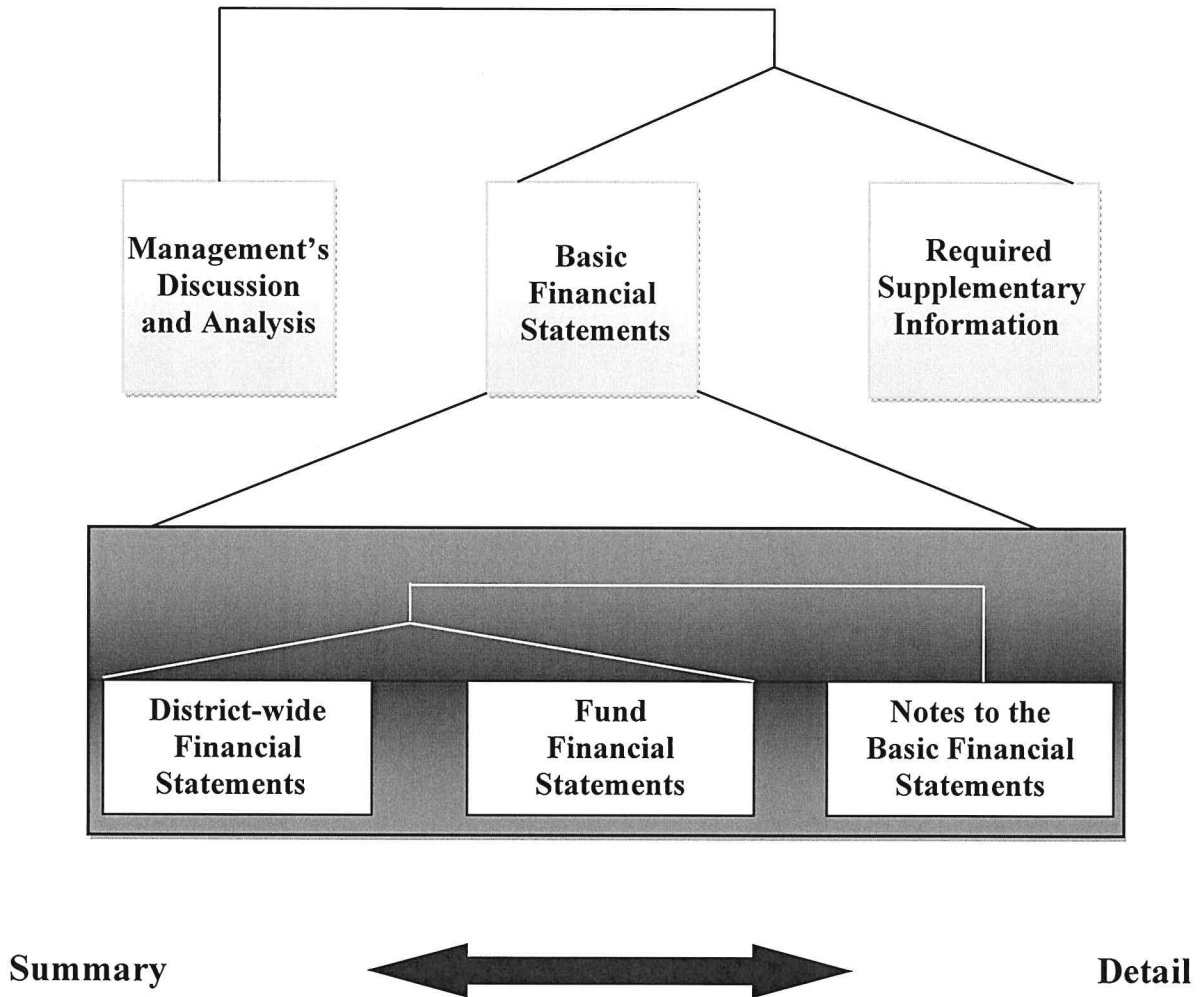


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities covered and the types of information the statements contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-wide and Fund Financial Statements

Figure A-2	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds)	The activities of the district that are not fiduciary, such as instructional, support services and community services.	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.
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 Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position.
Basis of accounting and measurement focus	<i>Accrual accounting.</i> Economic resources focus.	<i>Modified accrual accounting.</i> Current financial resources focus.	<i>Accrual accounting.</i> 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 are included.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets.
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 year-end; expenditures when goods or services have been received and the related liabilities are due and payable.	All additions or deductions during the year, regardless of when cash is received or paid.

District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the district’s *net position* and how it has changed. Net position, the difference between the district’s assets and liabilities, is one way to measure the district’s overall financial position.

- Increases or decreases in the district’s net position are one indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall financial condition of the district additional non-financial factors, such as changes in the district's property tax base and the condition of school buildings and other facilities should be considered.

In the District-wide financial statements, the district's activities are shown as governmental activities.

Most of the district's basic services are included here, such as regular and special education, transportation, support services, community programs and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's *funds*, focusing on its most significant or "major" funds, rather than the district as a whole. Funds are accounting devices the district uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and / or by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds* – Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Governmental fund information does not report on long-term commitments that are reported on the district-wide statements. Therefore, an explanation of the differences between the governmental funds statements and the district-wide statements is included either at the bottom of the governmental funds statements or as a separate schedule.
- *Fiduciary funds* – The district serves as a trustee, or *fiduciary*, for student and parent organizations. The assets of these organizations belong to the organizations, not the district. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations.

FINANCIAL ANALYSES

Statement of Net Position

Table 1, provides a summary of the district’s net position at June 30, 2019 and 2018. The calculation of net position includes an unrestricted net asset amount of \$1,637,818. The Statement of Net Position – Governmental Fund Types breaks this amount down between the different funds. The calculation of net position uses historical costs for facilities that may not reflect the true value. The facilities are in good condition as sufficient funds are appropriated annually for preventative maintenance and nothing is deferred.

<u>Table 1</u>	Governmental Activities 2019	Governmental Activities 2018
ASSETS:		
Current and other assets	\$ 3,262,283	\$ 3,567,733
Noncurrent Assets		
Capital assets	\$ 7,061,065	\$ 7,429,183
Net Pension Asset	<u> -</u>	<u>764,534</u>
Total noncurrent assets	<u>7,061,065</u>	<u>8,193,717</u>
Total assets	\$10,323,348	\$11,761,450
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows from changes in net position	\$ 2,496,451	\$ 1,302,491
LIABILITIES:		
Current Liabilities	\$ 1,580,890	\$ 1,248,304
Noncurrent Liabilities		
Long-term debt outstanding	3,228,110	4,762,376
Net Pension Liability	<u>958,796</u>	<u> -</u>
Total Noncurrent Liabilities	<u>4,186,906</u>	<u>4,762,376</u>
Total liabilities	\$ 5,767,796	\$ 6,010,680
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources from changes in net pension asset	\$ 1,325,690	\$ 1,519,493
Net position		
Net investment in capital assets	\$ 3,941,813	\$ 4,108,643
Restricted	146,682	201,359
Unrestricted	<u>1,637,818</u>	<u>1,223,766</u>
Total net position	\$ 5,726,313	\$5,533,768

Table 2, below shows the changes in net position for the fiscal years ended June 30, 2019 and 2018, from all governmental activities.

Table 2	Governmental Activities 2019	Governmental Activities 2018
REVENUES:		
Program revenues		
Charge for services	\$ 149,861	\$ 180,419
Operating grants & contributions	668,124	622,017
General revenues		
Property taxes	4,423,529	3,949,448
State and Federal aid	4,123,334	3,330,569
Other	<u>1,143,943</u>	<u>1,144,053</u>
Total revenues	\$10,508,791	\$ 9,226,506
EXPENSES:		
Instruction	\$ 5,828,696	\$ 5,283,072
Support Services	3,589,351	3,105,898
Community Services	-	671
Non-program	437,030	442,212
Interest on debt	140,600	122,281
Depreciation – unallocated	<u>320,570</u>	<u>337,584</u>
Total expenses	10,316,247	9,291,718
Change in net position	\$ <u>192,544</u>	\$ <u>(65,212)</u>
Beginning net position	5,533,769	5,598,980
Ending net position	\$ 5,726,313	\$ 5,533,769

FUND SUMMARY

General Fund

The General Fund, the main operating fund of the district, remains in a good financial position. The current General Fund Balance represents approximately 27% of expenditures, compared to 26% for the prior year.

Approximately 36% of revenues come from property taxes, which are guaranteed by the County of Kenosha. The School Board certifies taxes in November to the municipal clerks. The clerks pay the district's proportionate share of collections in January and February. The balance of the taxes is then paid to the County by July 31st and remitted to the school district in August. This year, taxes receivable at year-end were \$1,203,992, which was fully received in August 2019. State and federal aid accounts for approximately 51% of revenues. The State makes equalization aid payments periodically throughout the fiscal year. Payments are made in July, September, December, March, and June with the largest amounts being paid in December and March. In order to have enough cash flow to meet the district's obligations, the District maintains a strong fund balance to avoid short term borrowing. The other 13% of revenues comes from student fees and miscellaneous revenues.

The Original Budget is adopted in October when the final revenue limit calculations are completed and after the annual meeting of the electorate, which includes a public hearing on the budget. The Final Budget is adopted after final adjustments are calculated in the spring. The significant adjustments this year were largely due to expansion of special education services for students with identified needs. Overall, these adjustments were not significant to the General Fund. General Fund revenues over expenditures were less than budgeted by \$63,858 or 0.6% of total expenditures.

The two primary revenue sources of state equalization aid and local property tax levy are restricted to a maximum amount of revenue set by state law. Flexibility is limited for this reason, and it can be challenging to maintain a balanced budget under this state imposed revenue limit.

Debt Service Fund

The Debt Service Fund has a Fund Balance at year-end of \$97,254 that includes \$52,663 that is used to pay debt service interest payments in October 2019, which is prior to receiving our first property tax payment in January 2020. This year the District was able to set aside defeasance funds that will be used to pre-pay our debt when the bond issues become callable in 2029. Debt service payments come solely from property taxes and any interest earned on those taxes. The Fund Balance is restricted and can only be used for debt service payments.

Balance of Governmental Funds

The balance of the governmental funds is either funded in part by grants or reliant on the general fund for revenue sources. They are listed in the body of the audit statement.

Factors Bearing on District's Future

With Wisconsin's ever changing financial environment and distressed state public school funding formula, the district is taking a conservative and prudent approach to expenditures. The district is defeasing long-term debt in order to be prepared for the possibility of future expansion building projects that may require referendum; and in addition, evaluating the costs and benefits of the district's highest dollar expenses to ensure the best value and financial position for the district in the future.

The current resident enrollment at Bristol School District #1 continues to increase and requires analysis and strategic planning to accommodate students and the Bristol community. Consideration is being given to initiatives regarding staffing, resources and building needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Dr. David Milz, District Administrator, 20121 83rd Street, Bristol, Wisconsin 53104, (262) 857-2334.

BASIC FINANCIAL STATEMENTS

BRISTOL #1 SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 1,825,239
Taxes Receivable	1,203,992
Due from Other Governments	231,738
Inventory	<u>1,314</u>
Total Current Assets	<u>3,262,283</u>
Noncurrent Assets	
Capital Assets	
Sites	164,300
Buildings and Improvements	10,352,803
Furniture and Equipment	2,133,628
Less: Accumulated Depreciation	<u>(5,589,666)</u>
Total Capital Assets	<u>7,061,065</u>
TOTAL ASSETS	<u>10,323,348</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows from Changes in Net Pension Liability	<u>2,496,451</u>

BRISTOL #1 SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

LIABILITIES	
Current liabilities	
Accounts Payable	60,607
Accrued Salaries and Related Items	653,185
Accrued Interest Payable	10,241
Current Portion of Long-Term Obligations	<u>856,857</u>
Total Current Liabilities	<u>1,580,890</u>
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Obligations	3,228,110
Net Pension Liability	<u>958,796</u>
Total Noncurrent Liabilities	<u>4,186,906</u>
TOTAL LIABILITIES	<u>5,767,796</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources from changes in net pension asset	<u>1,325,690</u>
Net Position	
Net Investment in Capital Assets	3,941,813
Restricted for:	
Debt Service	97,254
Other Activities	49,428
Unrestricted	<u>1,637,818</u>
TOTAL NET POSITION	<u>\$ 5,726,313</u>

BRISTOL #1 SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions\Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction:				
Undifferentiated Curriculum	\$ 3,343,143	\$ 19,542	\$ 65,295	\$ (3,258,306)
Regular Curriculum	1,380,498	-	-	(1,380,498)
Physical Curriculum	207,626	-	-	(207,626)
Special Education	855,745	-	445,908	(409,837)
Co-curricular Activities	38,191	180	-	(38,011)
Special Needs	3,493	-	-	(3,493)
Support				
Pupil Services	556,275	-	-	(556,275)
Instructional Staff Services	413,319	-	25,303	(388,016)
General Administration	378,952	-	-	(378,952)
School Building Administration	418,954	-	-	(418,954)
Business Administration	1,441,072	130,139	131,618	(1,179,315)
Central Services	108,332	-	-	(108,332)
Insurance and Judgments	58,842	-	-	(58,842)
Other Support Services	213,605	-	-	(213,605)
Nonprogram	437,030	-	-	(437,030)
Debt Services	140,600	-	-	(140,600)
Depreciation - Unallocated *	320,570	-	-	(320,570)
Total school district \$	<u>10,316,247</u>	<u>\$ 149,861</u>	<u>\$ 668,124</u>	<u>\$ (9,498,262)</u>

General revenues:	
Property Taxes	
General Purpose	3,223,529
Debt Service	1,200,000
State and Federal Aids not Restricted to Specific Functions	4,123,334
Interest Income	1,124
Miscellaneous Income	1,142,819
TOTAL GENERAL REVENUES	<u>9,690,806</u>
Change in Net Position	192,544
Net position - Beginning of year	<u>5,533,769</u>
Net position - End of year	<u><u>\$ 5,726,313</u></u>

* This amount excludes depreciation that is included in the direct expenses of the various programs.

BRISTOL #1 SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 1,656,628	\$ 97,254	\$ 71,357	\$ 1,825,239
Taxes Receivable	1,203,992	-	-	1,203,992
Due from Other Governments	228,546	-	3,192	231,738
Prepaid Expense	-	-	1,314	1,314
TOTAL ASSETS	\$ 3,089,166	\$ 97,254	\$ 75,863	\$ 3,262,283
LIABILITIES				
Accounts Payable	\$ 59,161	\$ -	\$ 1,446	\$ 60,607
Accrued Salaries & Related Items	628,196	-	24,989	653,185
TOTAL LIABILITIES	687,357	-	26,435	713,792
FUND BALANCES				
Fund Balances:				
Nonspendable	-	-	1,314	1,314
Restricted	-	97,254	45,421	142,675
Assigned	-	-	2,693	2,693
Committed	291,336	-	-	291,336
Unassigned	2,110,473	-	-	2,110,473
TOTAL FUND BALANCES	2,401,809	97,254	49,428	2,548,491
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,089,166	\$ 97,254	\$ 75,863	\$ 3,262,283

BRISTOL #1 SCHOOL DISTRICT
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 June 30, 2019

Total fund balance - governmental activities \$ 2,548,491

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Governmental capital assets	12,650,731	
Governmental accumulated depreciation	<u>(5,589,666)</u>	7,061,065

The District's proportionate share of the WRS pension obligation exceeds its share of fiduciary net position. This is reported as a liability on the statement of net position, but it is not reported in the governmental funds. (958,796)

Deferred inflows and outflows of resources related to pensions are applicable to future periods and therefore, are not reported in the governmental funds. 1,170,761

Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and notes payable	3,115,000	
Capital leases	14,492	
Accrued interest on general obligation debt	10,241	
Unused vested employee benefits	<u>955,475</u>	<u>(4,095,208)</u>

Total net position - governmental funds \$ 5,726,313

BRISTOL #1 SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources	\$ 3,271,596	\$ 1,200,000	\$ 130,421	\$ 4,602,017
Interdistrict Sources	1,035,078	-	-	1,035,078
Intermediate Sources	4,536	-	-	4,536
State Sources	4,415,648	-	3,946	4,419,594
Federal Sources	230,568	-	106,127	336,695
Other Sources	110,874	-	-	110,874
TOTAL REVENUES	<u>9,068,300</u>	<u>1,200,000</u>	<u>240,494</u>	<u>10,508,794</u>
EXPENDITURES				
Instruction				
Current	5,192,302	-	-	5,192,302
Capital Outlay	1,492	-	-	1,492
Support Service				
Current	3,294,258	-	245,573	3,539,831
Capital Outlay	107,773	-	-	107,773
Debt Service	14,932	1,248,653	-	1,263,585
Nonprogram				
Current	437,030	-	-	437,030
Community Service	-	-	945	945
TOTAL EXPENDITURES	<u>9,047,787</u>	<u>1,248,653</u>	<u>246,518</u>	<u>10,542,958</u>
Excess of Revenues Over (Under)				
Expenditures	20,513	(48,653)	(6,024)	(34,164)
Fund Balances - Beginning of Year	<u>2,381,296</u>	<u>145,907</u>	<u>55,452</u>	<u>2,582,655</u>
Fund Balances - End of Year	<u>\$ 2,401,809</u>	<u>\$ 97,254</u>	<u>\$ 49,428</u>	<u>\$ 2,548,491</u>

BRISTOL #1 SCHOOL DISTRICT
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ (34,164)

Amounts reported for governmental activities in the statement
 of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay report in governmental fund statements	74,033	
Depreciation expense reported in the statement of activities	<u>(442,151)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(368,118)

Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year

Special termination benefits paid in the current year	308,489	
Special termination benefits earned in the current year	<u>(501,080)</u>	
Amounts paid are greater (less) than amounts earned by		(192,591)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:		1,119,336
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In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Pension employer contributions made	295,166	
Pension Expense	<u>(630,735)</u>	
		(335,569)

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

The amount of interest paid during the current period	126,457	
The amount of interest accrued during the current period	<u>(122,807)</u>	
Interest paid is greater (less) than interest accrued by		<u>3,650</u>

Change in net position - governmental activities \$ 192,544

BRISTOL #1 SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	<u>Agency Funds</u>
Assets	
Cash and Investments	\$ <u>57,117</u>
Total Assets	\$ <u><u>57,117</u></u>
Liabilities	
Due to Student Organizations	\$ <u>57,117</u>
Total Liabilities	\$ <u><u>57,117</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The Bristol #1 School District is organized as a common school district. The District, governed by a five-member elected school board, operates grades K through 8 and is comprised of all or parts of three taxing districts. The District, in lieu of its legal name, is referred to as the Bristol School District.

The financial statements of the Bristol #1 School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the District for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the District and the governmental entity; control by the District over selection of the entity's governing authority or designation of management; the ability of the District to significantly influence operations of the entity; and whether the District is responsible for the accountability for fiscal matters.

B. BASIS OF PRESENTATION

District wide Statement

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. BASIS OF PRESENTATION, continued

Fund Financial Statements

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

The District reports the following major governmental fund:

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 Funds – Debt Service Funds are used to account for financial resources from segregated tax levy, and other designated revenues used for the retirement of long-term capital debt.

The District accounts for assets held as an agent for various student and parent organizations in an agency fund.

C. COMPONENT UNITS

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, continued

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

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

E. PROPERTY TAX LEVY

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. CASH AND INVESTMENTS

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

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

All investments are stated at fair value. Determination of fair value for investment in the state treasurer's investment pool is based on the information provided by the State of Wisconsin Investment Board. The State Investment Fund (SIF), pools the excess cash of the State of Wisconsin and its agencies, certain retirement funds, and various local government units (Local Government Investment Pool (LGIP)) into a commingled fund. The District, at any point in time, is able to remove the pool shares deposited at full value plus any accrued interest. The state of Wisconsin Investment Board manages the SIF with oversight by a Board of Trustees as authorized in Wisconsin Statutes 25.14 and 25.17. It is not registered with the SEC as an investment company. The Legislative Audit Bureau audits the SIF annually.

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

G. RECEIVABLES AND PAYABLES

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

H. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost using the first in/first out (FIFO) method. Inventory items are recorded using the purchase method. Inventories consist of expendable supplies held for future use. Prepaid items represent payments made by the District for which benefits extend beyond June 30, primarily a one-month advance deposit for employee health insurance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. INVENTORIES AND PREPAID ITEMS, CONTINUED

A reserve for these non-liquid assets (nonspendable fund balance) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures, except in cases where inventories are offset by unearned revenues.

I. CAPITAL ASSETS

Capital assets are reported at actual cost for acquisitions subsequent to 1992. For assets acquired prior to 1992, estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm, are used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	40 years
Building improvements	\$5,000	Straight-line	40 years
Site improvements	\$5,000	Straight-line	15 years
Furniture & equipment	\$5,000	Straight-line	5 to 10 years
Computers and related Technology*	\$5,000	Straight-line	5 years
Textbooks*	\$5,000	Straight-line	5 years

*For purposes of determining the capitalization threshold for these items, the District groups all purchases for the year.

J. OTHER OBLIGATIONS

The District's policy allows full-time employees to earn 10 days of sick pay for each year employed, accumulating to a maximum vested amount of 60 days. Upon retirement from the District at age 55 or older, the employee with at least 15 years of service in the District is entitled to remuneration at 60% of their daily rate for each unused sick day up to a maximum of 50 days.

The District's policy allows employees working between 15 and 39 hours per week to earn 5 days of sick pay for each year employed, accumulating to a maximum vested amount of 30 days. Upon retirement from the district at age 55 or older, the employee with at least 15 years of service in the

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

District is entitled to remuneration at 60% of their daily rate for each unused sick day up to a maximum of 25 days. There was no amount paid during the year under this program.

K. NET POSITION

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

Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. FUND BALANCE

The Governmental Accounting Standards Board (GASB) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- *Non-spendable* - amounts that cannot be spent either because they are in non-spendable form – inventory and prepaid expenses - or because they are legally or contractually required to be maintained intact – the principal of a scholarship fund.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments such as the fund balance in debt service and capital projects funds.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments maybe established, modified, or rescinded only through the same type of action it employed to previously commit those amounts. Any action to commit fund balance must occur prior to the end of the fiscal year.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This would include residual amounts in governmental funds other than the general fund.
- *Unassigned* – is available for any purpose and is only reported in the general fund except for any negative fund balances in the other funds

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

M. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

N. PENSIONS

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

O. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Under GASB, in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. Changes in the net pension asset not included in pension expense are required to be reported as deferred outflows or inflows of resources. See footnote 7 for additional information.

P. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Bristol #1 School District Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. See footnote 8 for additional information.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories. The amounts shown in the reconciliations represent:

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

NOTE 3. CASH AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District’s deposits may not be returned. Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for demand (noninterest-bearing) deposits and time (interest-bearing) deposits. In addition, the State of Wisconsin has a State Guarantee Fund, which 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.

BRISTOL #1 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 3. CASH AND INVESTMENTS, continued

At year-end, the carrying amount of the District's deposits was \$1,881,475 and the bank balance was \$2,173,796. Of the bank balance, \$250,000 was covered by FDIC insurance and \$400,000 was covered by the State Guarantee Fund. This left \$1,523,796 uninsured, which has been collateralized by the bank by granting security interest in and assigns and pledges assets (collateral).

Investments

During the year, the District invested \$12,718 in the Local Government Investment Pool. Each school district investing in the Fund owns a pro rata share of each investment or deposit of the Fund, which is held in the name of the Fund. These balances are uninsured and are subject to the risk of market fluctuations.

<u>Investments</u>	<u>Fair Value/ Carrying Amt.</u>	<u>Cost</u>
Local Government Investment Pool	<u>\$ 12,718</u>	<u>\$ 12,718</u>
Total investments	<u>\$ 12,718</u>	12,718
Total Cash Deposits		1,868,557
Petty Cash		<u>200</u>
Total Cash and Investments		<u>\$1,881,475</u>
Cash, deposits, and investment allocation:		
Governmental Activities		\$1,824,358
Fiduciary and agency funds		<u>57,117</u>
Total cash, deposits, and investments		<u>\$1,881,475</u>

For investments, interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. Investments held for longer periods are subject to greater risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the school district investment is limited to maturities of less than one year. Further, investment maturities are structured to match cash flow requirements avoiding the need to sell securities on the open market prior maturity.

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligation. Wisconsin Statute 66.04(2) and 67.11(2) restrict investment of temporarily idle cash reducing a district's exposure to such risk. The School Board has adopted an investment policy pursuant to these statutes, which allows the District to invest in time deposits, securities guaranteed by the U.S. Government, securities of the Wisconsin Local Pooled Investment Fund

NOTE 3. CASH AND INVESTMENTS, continued

and commercial paper if the security has the highest or second highest rating of a nationally recognized rating agency. The District minimizes credit risk by limiting investments to the safest type of securities, consistent with state law and School Board policy, and diversifying in the investment portfolio.

Custodial credit risk for investment is the risk that, in the event of the failure of the counter-party, the District will not be able to recover the value of its investments. The District's agent in the District's name holds all investments exposed to custodial risk.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions. The District has adopted an investment policy which permits all investments allowed under the state statutes as described above.

BRISTOL #1 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 4. CHANGES IN CAPITAL ASSETS

	Balances <u>July 1, 2018</u>	<u>Additions</u>	<u>Removals</u>	Balances <u>June 30, 2019</u>
Sites	\$164,300	\$ --	\$ --	\$164,300
Buildings	10,352,803	--	--	10,352,803
Equipment	<u>2,059,595</u>	<u>74,033</u>	<u>--</u>	<u>2,133,628</u>
Totals	\$12,576,698	\$74,033	--	\$12,650,731
Accumulated depreciation	<u>(5,147,515)</u>	<u>(442,151)</u>	<u>--</u>	<u>(5,589,666)</u>
Governmental activities capital assets net of accumulated depreciation	<u>\$7,429,183</u>	<u>(\$368,118)</u>	<u>--</u>	<u>\$7,061,065</u>

Depreciation was charged to governmental functions as follows:

Undifferentiated curriculum	\$100,019
Operation	19,362
Food service	2,200
Depreciation not allocated to a specific function	<u>320,570</u>
Total depreciation for governmental activities	<u>\$442,151</u>

NOTE 5. LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	Balances July 1, <u>2018</u>	<u>Additions</u>	<u>Removals</u>	Balances June 30, <u>2019</u>	Amounts due within <u>one year</u>
General obligation bonds	\$4,225,000	\$ --	\$1,110,000	\$3,115,000	\$849,400
Capital leases	<u>23,827</u>	<u>--</u>	<u>9,336</u>	<u>14,491</u>	<u>7,457</u>
Subtotal	4,248,827	--	1,119,336	3,129,491	856,857
Vested employee benefits					
- sick leave	26,320	--	6,726	19,594	--
- Other post-employment benefits	<u>736,565</u>	<u>501,080</u>	<u>301,763</u>	<u>935,882</u>	<u>--</u>
Totals	<u>\$5,011,712</u>	<u>\$501,080</u>	<u>\$1,427,825</u>	<u>\$4,084,967</u>	<u>\$856,857</u>

Total interest paid during the year aggregated \$126,457.

BRISTOL #1 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 5. LONG-TERM OBLIGATIONS, continued

General Obligation Debt

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

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rates (%)</u>	<u>Date of Maturity</u>	<u>Balances 6/30/19</u>
General obligation bonds	2013	2.0% to 3.5%	2033	\$3,115,000

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$749,129,542. 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 follows:

Debt limit (5% of \$749,129,542)	\$37,456,477
Deduct long-term debt applicable to debt margin	<u>3,115,000</u>
Margin of indebtedness	<u><u>\$34,341,477</u></u>

An aggregate future cash flow requirement for the retirement of long-term principal and interest on June 30, 2019 follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2020	\$849,400	\$90,600	\$940,000
2021	250,000	88,151	338,151
2022	250,000	65,976	315,976
2023	260,000	60,976	320,976
2024	265,000	55,776	320,776
2025-2029	<u>1,240,600</u>	<u>182,528</u>	<u>1,412,128</u>
Totals	<u><u>\$3,115,000</u></u>	<u><u>\$544,007</u></u>	<u><u>\$3,659,007</u></u>

See Note 1(J) for a discussion of accumulated vested employee benefits.

NOTE 6. ADVANCED REFUNDING

On March 7, 2019, \$870,000 of refunding bonds were issued and sold. The issuance of the bonds, with an average interest rate of 2.47% was for the purpose of advance refunding the outstanding principal on the following bonds and notes:

<u>Issue</u>	<u>Rate</u>	<u>Balance</u>
Refunding Bonds	1.5% to 3.5%	\$870,000

NOTE 6. ADVANCED REFUNDING, continued

The net proceeds of \$882,775 (after \$12,775 in bond premium, underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for \$870,000 of future debt service payments on the refunded bonds. As a result the \$870,000 of refunded bonds are considered to be defeased and the liability for those bonds has been removed.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$972,194 from 2019-2023. The cash flow requirements on the refunding bonds are \$885,753 for 2019-2023. The advance refunding resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$86,441.

NOTE 7. CAPITAL LEASES, AS LESSEE

The following is an analysis of the leased property under capital lease by major classes:

	June 30, <u>2019</u>
Equipment	<u>\$47,211</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2019:

<u>Year Ended June 30,</u>	
2020	\$7,790
2021	<u>7,140</u>
Total	14,930
Amount Representing Interest	<u>(439)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$14,491</u></u>

NOTE 8. EMPLOYEE RETIREMENT PLANS

General Information about the Pension Plan

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

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

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.

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:

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.4	4.0
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 \$295,166 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

Employee Category	Employee	Employer
General (including teachers)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

At June 30, 2019, the District reported a liability of \$958,796 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was .02695000%, which was an increase of .00120047% from its proportion measured as of December 31, 2017.

BRISTOL #1 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

For the year ended June 30, 2019, the District recognized pension expense of \$639,228.

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	\$746,757	\$1,319,998
Net differences between projected and actual earnings on pension plan investments	1,400,256	--
Changes in assumptions	161,618	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	894	5,692
Employer contributions subsequent to the measurement date	186,926	--
Total	\$2,496,451	\$1,325,690

\$186,926 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability 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 ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2019	\$1,355,276	\$1,001,679
2020	894,357	804,409
2021	876,578	720,007
2022	636,768	253,049
Thereafter	--	--

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:

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

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

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

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

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

Asset Allocation Targets and Expected Returns			
As of December 31, 2018			
<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 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to changes in the discount rate. The following presents the District's proportionate share of the Net Pension Liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the Net Pension Liability would be if it were calculated using a discount

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase To Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$3,810,357	\$958,796	(\$1,161,560)

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

Payables to the pension plan at June 30, 2019 were \$98,529. This represents contributions earned as of June 30, 2019, but for which payment was not remitted to the pension plan until subsequent to year-end.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

For the Bristol School District #1 (the "District"), the other post-employment benefit liability consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below. A full description of the eligibilities and benefits for eligible classifications can be found in the OPEB Technical Appendix.

2 Individually Negotiated Teachers: At least age 57 with 15 years of continuous service in the District:

The District shall contribute towards a retiree's single or family medical coverage frozen at the premium amounts in effect on June 1, 2011 not to exceed the annual maximums as described in detail in the Technical Appendix. These contributions will continue for a period of 7 or 3 years, Medicare eligibility, or death.

Notes: upon exhaustion of the District provided benefits, retirees may self-pay the full (100% amount of premiums to remain on the District's medical plan only for the duration of COBRA.

In an OPEB valuation, the GASB guidelines require that the OPEB to be based upon the value of the health care benefit. Thus, when the benefits are insured, the value above the premium cost of benefits must be determined. This applies to all classifications and arises from the value of

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, continued

benefits in excess of the payments made by the District during the guaranteed period. This amount is determined and incorporated in the determined liability of the medical care benefit.

In addition, since GASB guidelines require the OPEB to be based upon the value of the medical care benefit, when an individual self-pays 100% of the premium cost, the valuation also includes the difference between the premium cost and the value cost of the benefit. This is known as the Implicit Rate Subsidy.

Implicit Rate Subsidy exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately. The final GASB Statements declare that even if the retirees pay 100% of the premium, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an other post employment benefit (OPEB) liability.

Note that the implicit rate subsidy is only applied when retirees are enrolled in the District's medical plan. It is not applied, however, when retirees participate in the District's dental and/or vision plans. Furthermore, when an individual becomes Medicare-eligible, their premium rates are adjusted, such that these adjusted rates represent the expected cost of coverage, and no implicit rate subsidy is calculated.

The only OPEB liability calculated for active employees was on behalf of the two individually negotiated Teachers who are eligible for continued District-provided medical insurance upon their retirement. Since all other employees are only provided COBRA upon termination or retirement, it was assumed that few, if any would choose to remain on the plan via COBRA contributions. Thus, no OPEB liability (including implicit rate subsidy) was calculated on behalf of any other active employee.

Sick Leave Benefit. Eligible Support Staff will be provided with a sick leave benefit wherein unused sick leave accumulated upon retirement up to a maximum based on a group classification (A or B) will be paid out in one lump sum through payroll.

According to GASB guidelines, when sick leave is converted into a dollar amount, the resulting monies are not considered – nor should they be accounted for – as an OPEB. Rather, the dollars resulting from the unused sick leave are considered termination payments and should be accounted for as a compensated absence under GASB Statement 16. The sick leave benefit was not valued nor was it included in this valuation.

Actively-funded Benefit. The District provides eligible Teachers and Administrators with a stipend benefit to be received post employment. The District contributes a determined amount into a TSA upon completion of each full year of service. The contributions are based on years of service and are vested immediately. Such contributions are made annually in the year the benefit is earned and identified by individual. Thus, the benefit is considered to be accounted for as an actively-funded benefit and was not included in the post-employment valuation.

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, continued

Supplemental Pension (Stipend) Benefit. Bristol School District #1 (the “District”) will provide eligible Grandfathered Administrators and Teachers with contributions into a non-elective 403(b) plan (TSA). The amount is based upon years of service as of June 2016 as well as the employee’s group classification. Two Teachers via Individually-negotiated agreements are eligible for 5 annual non-elective 403(b) (TSA) contributions upon retirement whose amount is based upon years of service as of June 2016 as described in the Technical Appendix.

According to current GASB regulations, any such form of cash payments, whether it be a stipend, contributions to a TSA, severance payment or any other type of cash-related benefits (other than sick leave) are considered a supplemental pension and should be accounted for as such under GASB Statement 67 and 68, or 73. Since retirees receive a pension benefit from the Wisconsin Retirement System (WRS), these post-employment pension benefits (stipend and cash in lieu payments) are supplemental to the WRS benefit and therefore, we refer to them as a supplemental pension benefit.

Funding Policy – The benefits are currently funded on a pay-as-you-go basis.

Employees covered by benefit terms – At June 30, 2019, the following employees were covered by the benefit terms:

	<u>OPEB</u>	<u>Stipend</u>
Inactive employees of beneficiaries currently receiving benefits	8	--
Inactive employees entitled to but not yet receiving benefits	6	8
Active employees or beneficiaries currently receiving benefits	64	--
Active employees entitled to but not yet receiving benefits	2	22
	<u>10</u>	<u>30</u>

District OPEB Liability

The District’s total health OPEB liability of \$539,516 and Stipend liability of \$396,366 were measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Measurement/reporting date	June 30, 2019
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Discount rate	3.5%
Medical Care Trend (Health OPEB only)	7.5% decreasing .5% per year down to 6.5%, then by .1% per year down to 5%, and level thereafter
Assumed rate of inflation	2.5%

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, continued

The discount rate was based upon all years of projected payments discounted at a municipal bond rate of 3.5%. The bond rate used was the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period.

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

Changes in the Total OPEB Liability

	<u>OPEB Liability</u>	<u>Supplemental Pension</u>	<u>Total OPEB Liability</u>
Balance at 6/30/2018	\$236,176	\$500,392	\$736,565
Changes for the year:			
Service Cost	3,682	15,937	19,619
Interest	5,989	16,862	22,851
Differences between expected and actual experience	474,020	(15,410)	458,610
Changes in assumptions or other inputs	(23,719)	(3,983)	(27,702)
Benefit payments	(156,629)	(117,432)	(274,061)
Net changes	<u>303,343</u>	<u>(104,026)</u>	<u>199,317</u>
Balance at 6/30/2019	<u>\$539,516</u>	<u>\$396,366</u>	<u>\$935,882</u>

For the year ended June 30, 2019 the District recognized OPEB expense of \$54,701 and pension expense of \$23,102.

Sensitivity of the OPEB liability to changes in the discount rate – The following presents the OPEB liability of the District, as well as what the District’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

BRISTOL #1 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, continued

	1 % Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
OPEB liability	<u>\$555,828</u>	<u>\$539,516</u>	<u>\$523,652</u>
	1 % Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Supplemental Pension liability	<u>\$405,587</u>	<u>\$396,366</u>	<u>\$387,404</u>

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates – The following presents the OPEB liability of the District, as well as what the District’s OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decrease to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trent Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
OPEB liability	<u>\$526,824</u>	<u>\$539,516</u>	<u>\$553,170</u>

NOTE 10. FUND BALANCES AND NET POSITION

Net Position

Detail related to amounts restricted for other activities is as follows:

Restricted for Other Activities:

Capital Projects	\$10,240
Food Service	36,495
Community Service	<u>2,693</u>
Total Restricted for Other Activities	<u><u>\$49,428</u></u>

BRISTOL #1 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 10. FUND BALANCES AND NET POSITION, continued

Fund Balances

Detail related to fund balances of governmental funds is as follows:

<u>Nonspendable:</u>	
Food Service	\$1,314
<u>Restricted:</u>	
Debt Service Fund	97,254
Capital Projects Fund	10,240
Food Service	35,181
Total Restricted	<u>142,675</u>
<u>Committed:</u>	
General Fund	<u>291,336</u>
<u>Assigned:</u>	
Community Service Fund	<u>2,693</u>
<u>Unassigned:</u>	
General Fund	<u>2,110,473</u>
Total Governmental Fund Balance	<u><u>\$2,548,491</u></u>

NOTE 11. 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 has been 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.

NOTE 12. INSURANCE RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past 3 years.

NOTE 13. INTERGOVERNMENTAL FINANCIAL DEPENDENCY

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of Wisconsin. Because of the dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with US Treasury Securities because of actions by foreign government and other holders of publicly held US Treasury Securities.

During fiscal year ending June 30, 2019, the District received \$336,695 from the federal government and \$4,419,594 from Wisconsin, which are 3% and 42%, respectively, of total District revenues reported by the District for charges for services, operating grants and contributions, and general revenues. Funds flowing from the federal and state governments to the District are subject to changes to federal and state laws and appropriations. Based on the reported financial position of the federal and state government, including disclosures concerning fiscal sustainability, it is at least reasonably possible that events will occur in the near term that will significantly affect the flows of federal funds to the District.

NOTE 14. COMMITMENTS AND CONTINGENCIES

The District has contracted for bus transportation services through Dousman Transport Co., Inc. for 2019-2020 through 2020-2021 school years for \$283,240 and \$293,153, respectively.

The District has a contract with Carlson Racine Roofing & Sheet Metal for roof replacement, repairs, and improvements to be performed in 2019-2020 for \$79,815.

NOTE 15. EFFECT OF NEW ACCOUNTING STANDARDS ON FINANCIAL STATEMENTS

- GASB Statement No. 81, *Irrevocable Split Interest Agreements*
- GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statement No. 67, No. 68 and No. 73*
- GASB Statement No. 83, *Certain Asset Retirement Issues*
- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 85, *Omnibus 2017*
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*
- GASB Statement No. 87, *Leases*

When they become effective, application Of these standards may restate portions of the financial statements.

BRISTOL #1 SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 23, 2020, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BRISTOL #1 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Local Sources	\$ 3,322,744	\$ 3,322,744	\$ 3,271,596	\$ (51,148)
Interdistrict Sources	1,224,146	1,224,146	1,035,078	(189,068)
Intermediate Sources	-	-	4,536	4,536
State Sources	4,203,143	4,203,143	4,415,648	212,505
Federal Sources	93,759	93,759	230,568	136,809
Other Sources	21,497	21,497	110,874	89,377
TOTAL REVENUES	8,865,289	8,865,289	9,068,300	203,011
EXPENDITURES				
Instruction	4,495,385	4,495,385	5,193,794	(698,409)
Support Services	3,122,227	3,122,227	3,416,963	(294,736)
Nonprogram	387,500	387,500	437,030	(49,530)
TOTAL EXPENDITURES	8,005,112	8,005,112	9,047,787	(1,042,675)
Excess of Revenues Over Expenditures	860,177	860,177	20,513	(839,664)
OTHER FINANCING SOURCES (USES)				
Operating Transfers (out)	(860,177)	(860,177)	-	860,177
Net Other Financing Sources (Uses)	(860,177)	(860,177)	-	860,177
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	20,513	20,513
Fund Balances - Beginning of Year	2,381,296	2,381,296	2,381,296	-
Fund Balances - End of Year	\$ 2,381,296	\$ 2,381,296	\$ 2,401,809	\$ 20,513

BRISTOL #1 SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF NET PENSION LIABILITY (ASSET)
 WISCONSIN RETIREMENT SYSTEM

For the Year Ended June 30, 2019
 Last 10 Fiscal Years*

	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.02695000%	0.02574953%	0.02517458%	0.02516054%	0.02502151%
District's proportionate share of the net pension liability (asset)	\$958,796	(\$764,534)	\$207,499	\$408,854	(\$614,597)
District's Covered Employee Payroll	\$4,405,440	\$3,960,198	\$3,672,923	\$3,569,913	\$3,498,197
Net Pension Liability (Asset) as a percentage of covered-employee payroll	21.76%	-19.31%	5.65%	11.45%	-17.57%
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.45%	102.93%	99.12%	98.20%	102.74%

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

* GASB pronouncements 67 and 68 require the presentation of the last 10 prior years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule

BRISTOL #1 SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS
 WISCONSIN RETIREMENT SYSTEM
 For the Year Ended June 30, 2019
 *Last 10 fiscal years

	2018	2017	2016	2015	2014
Contractually required contributions	\$295,166	\$269,293	\$242,412	\$242,753	\$244,872
Contributions in relation to the contractually required contributions	\$295,166	\$269,293	\$242,412	\$242,753	\$244,872
Contribution Deficiency (excess)	-	-	-	-	-
District's covered employee payroll	\$4,405,440	\$3,960,198	\$3,672,923	\$3,569,913	\$3,498,197
Contributions as a percentage of covered employee payroll	6.7%	6.8%	6.6%	6.8%	7.0%

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

* GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule

BRISTOL #1 SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2019
Last 10 Fiscal Years*

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 19,619	\$ 21,889	\$ 21,889
Interest	22,851	54,409	54,409
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	458,610	-	-
Changes of Assumptions or Other Inputs	(27,702)	-	-
Benefit Payments	(274,061)	(628,981)	(101,485)
Net Change in Total OPEB Liability	199,317	(552,683)	(25,187)
Total OPEB Liability - Beginning	736,565	1,289,248	1,314,435
Total OPEB Liability - Ending	\$ 935,882	\$ 736,565	\$ 1,289,248
Covered-employee Payroll	\$ 4,549,343	\$ 1,549,149	\$ 1,549,153
Total OPEB Liability as a Percentage of Covered-employee Payroll	20.57%	47.55%	83.22%

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2017	3.00%
2018	3.00%
2019	3.50%

Notes to Schedule:

* GASB pronouncements 73 and 75 require the presentation of the last 10 prior years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule

NOTE 1. BUDGETARY ACCOUNTING

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

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

- Based upon requests from district staff, district administration recommends budget proposals to the school board.
- The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the school board may make alterations to the proposed budget.
- Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire school board.
- Appropriations lapse at year end unless authorized as a carryover by the school board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.

NOTE 2. BUDGETARY PRESENTATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with generally accepted accounting principles. An explanation of the difference between revenues, expenditures, and other financing sources (uses) for budgetary fund basis and a GAAP general fund basis is summarized below:

BRISTOL #1 SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
 JUNE 30, 2019

NOTE 2. BUDGETARY PRESENTATION, continued

	<u>Total Budgetary</u> <u>Amounts</u>	<u>Special Education</u> <u>Fund</u>	<u>GAAP</u> <u>Budgetary amounts</u>
Local sources	\$3,322,744	\$ --	\$3,322,744
Inter-district sources	1,279,146	55,000	1,224,146
Intermediate sources	5,000	5,000	--
State sources	4,565,521	362,378	4,203,143
Federal sources	248,132	154,373	93,759
Other sources	21,497	--	21,497
	<u>\$9,442,040</u>	<u>\$576,751</u>	<u>\$8,865,289</u>
Total Revenues			
Instruction	\$5,453,106	\$957,721	\$4,495,385
Support service	3,531,434	409,207	3,122,227
Non-program	457,500	70,000	387,500
	<u>\$9,442,040</u>	<u>\$1,436,928</u>	<u>\$8,005,112</u>
Total expenditures			
Operating transfers in	\$860,177	\$860,177	\$ --
Operating transfers out	(860,177)	--	(860,177)
	<u>\$ --</u>	<u>\$860,177</u>	<u>(\$860,177)</u>
Net other financing sources (uses)			

NOTE 3. WISCONSIN RETIREMENT SYSTEM

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

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

OTHER SUPPLEMENTARY INFORMATION

BRISTOL #1 SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2019

	<u>Food Service</u>	<u>Other Capital Projects</u>	<u>Community Service</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 56,978	\$ 11,686	\$ 2,693	\$ 71,357
Due from Other Governments	3,192	-	-	3,192
Prepaid Expenses	<u>1,314</u>	<u>-</u>	<u>-</u>	<u>1,314</u>
TOTAL ASSETS	<u>\$ 61,484</u>	<u>\$ 11,686</u>	<u>\$ 2,693</u>	<u>\$ 75,863</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 1,446	\$ -	\$ 1,446
Accrued Salaries & Related Items	<u>24,989</u>	<u>-</u>	<u>-</u>	<u>24,989</u>
TOTAL LIABILITIES	<u>24,989</u>	<u>1,446</u>	<u>-</u>	<u>26,435</u>
FUND BALANCES				
Nonspendable	1,314	-	-	1,314
Restricted	35,181	10,240	-	45,421
Assigned	<u>-</u>	<u>-</u>	<u>2,693</u>	<u>2,693</u>
TOTAL FUND BALANCES	<u>36,495</u>	<u>10,240</u>	<u>2,693</u>	<u>49,428</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 61,484</u>	<u>\$ 11,686</u>	<u>\$ 2,693</u>	<u>\$ 75,863</u>

BRISTOL #1 SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>Food Service</u>	<u>Other Capital Projects</u>	<u>Community Service</u>	<u>Total Government Funds</u>
REVENUES				
Local Sources	\$ 130,139	\$ 282	\$ -	\$ 130,421
State Sources	3,946	-	-	3,946
Federal Sources	<u>106,127</u>	<u>-</u>	<u>-</u>	<u>106,127</u>
TOTAL REVENUES	<u>240,212</u>	<u>282</u>	<u>-</u>	<u>240,494</u>
EXPENDITURES				
Support Service				
Current	245,573	-	-	245,573
Community Service	<u>-</u>	<u>-</u>	<u>945</u>	<u>945</u>
TOTAL EXPENDITURES	<u>245,573</u>	<u>-</u>	<u>945</u>	<u>246,518</u>
Excess of Revenues Over (Under) Expenditures	(5,361)	282	(945)	(6,024)
Fund Balances - Beginning of Year	<u>41,856</u>	<u>9,958</u>	<u>3,638</u>	<u>55,452</u>
Fund Balances - End of Year	<u>\$ 36,495</u>	<u>\$ 10,240</u>	<u>\$ 2,693</u>	<u>\$ 49,428</u>

BRISTOL #1 SCHOOL DISTRICT
 STUDENT ORGANIZATION FUNDS
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - PUPIL ACTIVITY FUND
 For the Year Ended June 30, 2019

	Balance 7/1/18	Additions	Deductions	Balance 6/30/19
ASSETS				
Cash	\$ 71,947	\$ 94,945	\$ 109,776	\$ 57,117
TOTAL ASSETS	<u>\$ 71,947</u>	<u>\$ 94,945</u>	<u>\$ 109,776</u>	<u>\$ 57,117</u>
LIABILITIES				
Due to Student Organizations				
1st party	\$ 135	\$ 365	\$ 383	\$ 117
2 party	31	416	399	48
3rd party	195	405	400	200
4K Party	93	-	-	93
4K Party	271	4,456	4,484	243
4th party	-	413	413	-
5K Party	-	820	576	244
5th party	128	420	435	113
6th party	-	350	114	236
7th party	167	-	-	167
8th Grade Party	251	771	736	285
Art Club	2,395	-	-	2,395
Band	1,778	10,376	12,905	(751)
booster club	9,843	6,724	6,282	10,285
Boys Basketball	7,383	4,076	2,603	8,856
Braun Party	36	-	-	36
Bristol Bucks	2,032	2,363	3,150	1,245
Cheerleading	-	210	210	-
Chiappetta Party	50	-	-	50
Clark Party	29	-	-	29
Dance	50	-	-	50
Drama Club	5,738	11,354	5,915	11,177
EC Party	-	520	420	100
Eckhart Party	36	-	-	36
Eighth Grade	2,644	14,586	13,016	4,214
Fifth Grade	(13)	3,196	2,840	343
First Grade	1,140	3,068	2,983	1,225
Fourth Grade	217	2,041	2,035	223
Gardina Party	42	-	-	42
Gilmore Party	6	-	-	6
Girls Basketball	5	-	-	5
Kerkman Party	14	-	-	14
Kindergarten	1,295	2,031	2,102	1,224
Kndg Party/snk	94	-	-	94
Koeshall Party	50	-	-	50
Library	16,262	8,622	26,520	(1,635)
Liteil Party	50	-	-	50
McDonnell Party	31	-	-	31
Misc	4,477	2,367	3,147	3,698
Murrie Party	53	-	-	53
Music	600	928	1,148	380
Nau Party	53	-	-	53
Olson Party	15	-	-	15
PBIS	8,317	68	4,379	4,006
Pfiefer Party	13	-	-	13
Pop fund	27	864	-	891
Rittmer Party	9	-	-	9
Science Club	50	-	-	50
Second Grade	1,537	3,902	3,906	1,533
Seventh Grade	1,770	489	485	1,773
Sixth Grade	1,638	5,030	4,320	2,348
Special Teachers	105	145	-	250
Student Council	955	822	720	1,057
Third Grade	(199)	2,748	2,748	(199)
Vandehei Party	5	-	-	5
Whipple	6	-	-	6
Wolff Party	36	-	-	36
	<u>\$ 71,947</u>	<u>\$ 94,945</u>	<u>\$ 109,776</u>	<u>\$ 57,117</u>

FEDERAL AND STATE AWARDS SECTION

BRISTOL #1 SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2019

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Grant Number	Program Or Award Amount	Accrued Receivable July 1, 2018	Expend- itures	Grantor Reimburse- ments	Accrued Receivable June 30, 2019
U.S. Dept. of Agriculture: Wis. Dept. of Public Instruction: <i>Child Nutrition Cluster</i> FOOD DISTRIBUTION July 1, 2018 to June 30, 2019	10.550	A542-00000- 300665	\$ 18,404	\$ -	\$ 18,404	\$ 18,404	\$ -
SCHOOL BREAKFAST PROGRAM July 1, 2017 to June 30, 2018 July 1, 2018 to June 30, 2019	10.553	A546-00000- 300665		286	-	286	-
NAT'L SCHOOL LUNCH PROGRAM July 1, 2017 to June 30, 2018 July 1, 2018 to June 30, 2019	10.555	A542-00000- 300665		2,244	77,807	75,604	2,203
<i>Total Child Nutrition Cluster</i>							
Total U.S. Dept. of Agriculture				2,530	106,127	106,195	2,462
U.S. Dept. of Health and Human Services Passed through WI Department of Health Services MEDICAL ASSISTANCE PROGRAM (SBS) July 1, 2017 to June 30, 2018 July 1, 2018 to June 30, 2019	93.778			6,296	-	6,296	-
Total U.S. Dept. of Health and Human Services				-	57,667	53,159	4,508
Total Federal Assistance				\$ 169,244	\$ 335,149	\$ 372,134	\$ 132,259

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

BRISTOL #1 SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2019

Awarding Agency/ Pass-through Agency <u>Award Description</u>	State I.D. <u>Number</u>	State Pass-Through <u>ID Number</u>	Accrued Receivable <u>July 1, 2018</u>	State <u>Reimbursements</u>	State-Through <u>Expenditures</u>	Accrued Receivable <u>June 30, 2019</u>
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>						
<u>Entitlement Programs</u>						
<u>Major State Programs</u>						
Handicapped Pupils and School Age Parents:						
Internal District Programs	255.101	300665-100	\$ -	\$ 262,125	\$ 262,125	\$ -
Participant in Coop program at CESA #2			3,203	34,618	32,962	1,547
Pupil Transportation	255.107	300665-102	-	21,544	21,544	-
Equalization aid	255.201	300665-116	<u>41,520</u>	<u>4,197,401</u>	<u>4,214,913</u>	<u>59,032</u>
TOTAL MAJOR PROGRAMS			<u>44,723</u>	<u>4,515,688</u>	<u>4,531,544</u>	<u>60,579</u>
<u>Nonmajor State Programs</u>						
State Lunch Program	255.102	300665-107	-	3,224	3,224	-
Common School Fund	255.103	300665-104	-	25,303	25,303	-
School Breakfast Program	255.344	300665-108	-	723	723	-
Per Pupil Adjustment Aid	255.945	300665-113	-	456,492	456,492	-
Educator Effectiveness Grant	255.940	300665-154	-	4,240	8,480	4,240
Assessments of Reading Readiness	255.956	300665-166	-	2,469	2,469	-
Exempt Computer Aid			<u>3,220</u>	<u>40,693</u>	<u>40,771</u>	<u>3,298</u>
TOTAL NONMAJOR PROGRAMS			<u>3,220</u>	<u>533,144</u>	<u>537,462</u>	<u>7,538</u>
TOTAL DEPARTMENT OF PUBLIC INSTRUCTION			<u>\$ 47,943</u>	<u>\$ 5,048,832</u>	<u>\$ 5,069,006</u>	<u>\$ 68,117</u>

BRISTOL #1 SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Bristol #1 School District and are presented on the modified accrual basis of accounting. 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 of Federal Awards* (Uniform Guidance), and state Single Audit Guidelines. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance and, as applicable, the cost principles contained in the Wisconsin State Single Audit Guideline, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2018-2019 eligible costs under the State Special Education Program are \$1,272,502.

NOTE 4. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2019, the District had received \$18,404 in donated commodities.

NOTE 5. INDIRECT COST RATE

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



Chamberlain & Henningfield

Certified Public Accountants, LLP

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

To the Board of Education
Bristol #1 School District

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 and by the Wisconsin Department of Public Instruction in the Wisconsin School District Audit Manual, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bristol #1 School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Bristol #1 School District's basic financial statements and have issued our report thereon dated January 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bristol #1 School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bristol #1 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bristol #1 School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (Findings 2019-001 and 2019-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bristol #1 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002.

Bristol #1 School District's Response to Findings

Bristol #1 School District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Bristol #1 School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Chamberlain & Henningfield, CPAs, LLP

CHAMBERLAIN & HENNINGFIELD, CPAs, LLP
Lake Geneva, Wisconsin

January 23, 2020

BRISTOL #1 SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2019

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)	_____ <u>X</u> yes	_____ none reported
Noncompliance material to the financial statements?	_____ yes	_____ <u>X</u> no

State Awards

Internal control over financial reporting:		
Material weakness identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)	_____ <u>X</u> yes	_____ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines?	_____ yes	_____ <u>X</u> no

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.107	Pupil Transportation
255.201	General Equalization

Section II - Financial Statement Findings

2019-001 **Condition** - The District does not maintain proper segregation of duties.

Criteria - Duties should be spread amongst the staff to ensure that no one staff person has control over an entire portion of an accounting process.

Cause - The size of the District does not make it feasible to hire sufficient staff required for proper segregation of duties.

Effect - The lack of segregation of duties could result in the override of management controls.

Recommendations - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

Views of Responsible Officials - The District will segregate the duties as much as possible and maintain sufficient management oversight.

2019-002 **Condition** - The District has the audit firm prepare the financial statements.

Criteria - Staff should be sufficiently knowledgeable to prepare the financial statements and related footnotes.

Cause - The size of the District does not make it feasible to hire sufficient staff required for the preparation of the financial statements.

Effect - The audit firm's preparation of the financial statements removes a level of oversight on the part of the District.

Recommendations - The District's staff should obtain sufficient training to become knowledgeable in the preparation of the financial statements.

Views of Responsible Officials - The District will seek additional training to better understand the financial statement concepts.

Section III - Federal and State Award Findings

2019-001 **Condition** - The District does not maintain proper segregation of duties.

Criteria - Duties should be spread amongst the staff to ensure that no one staff person has control over an entire portion of an accounting process.

Cause - The size of the District does not make it feasible to hire sufficient staff required for proper segregation of duties.

Effect - The lack of segregation of duties could result in the override of management controls.

Recommendations - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

Views of Responsible Officials - The District will segregate the duties as much as possible and maintain sufficient management oversight.

Section II - Financial Statement Findings

2018-001 **Condition** - The District does not maintain proper segregation of duties.

Recommendations - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

Current year status - District continues to segregate duties as much as possible and attempt to provide sufficient oversight to ensure controls are working properly. This continues to be a finding at 2019-001.

2018-002 **Condition** - The District has the audit firm prepare the financial statements.

Recommendations - The District's staff should obtain sufficient training to become knowledgeable in the preparation of the financial statements.

Current year status - District still does not prepare financial statements, and District staff is continuing to train and be better educated about the financial statements. This continues to be a finding at 2019-002.

Section III - Federal and State Award Findings

2018-001 **Condition** - The District does not maintain proper segregation of duties.

Recommendations - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

Current year status - District continues to segregate duties as much as possible and attempt to provide sufficient oversight to ensure controls are working properly. This continues to be a finding at 2019-001.