

Howard-Suamico School District  
Green Bay, Wisconsin

**ANNUAL FINANCIAL REPORT**

June 30, 2019

# Howard-Suamico School District

## Green Bay, Wisconsin

JUNE 30, 2019

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### Table of Contents

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
District-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Statement of Net Position - Proprietary Fund	16
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Statement of Net Position - Fiduciary Funds	19
Statement of Changes in Net Position - Fiduciary Funds	20
Notes to Basic Financial Statements	21
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Budgetary Basis	53
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Education Special Revenue Fund - Budgetary Basis	54
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios- Single-employer Defined Other Postemployment Benefit Plan	55
Schedule of Employer Contributions - Single-employer Defined Other Postemployment Benefit Plan	56
Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System	57
Schedule of Contributions - Wisconsin Retirement System	57
Schedule of Proportionate Share of Net OPEB Liability (Asset) - Local Retiree Life Insurance Fund	58
Schedule of Contributions - Local Retiree Life Insurance Fund	58
Schedule of Changes in Pension Liability and Related Ratios - Supplemental Pension Plan	59
Schedule of Employer Contributions - Supplemental Pension Plan	60
Notes to Required Supplementary Information	61

# Howard-Suamico School District

## Green Bay, Wisconsin

JUNE 30, 2019

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### **SUPPLEMENTARY INFORMATION**

Combining Balance Sheet - Nonmajor Governmental Funds	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	65
Schedule of Changes in Assets and Liabilities - Pupil Activity Funds	67

### **ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68
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### **FEDERAL AND STATE AWARDS**

Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the <i>State Single Audit Guidelines</i>	70
Schedule of Expenditures of Federal Awards	72
Schedule of Expenditures of State Awards	73
Notes to the Schedules of Expenditures of Federal and State Awards	74
Schedule of Findings and Questioned Costs	75



## Independent auditors' report

To the Board of Education  
Howard-Suamico School District  
Green Bay, Wisconsin

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard-Suamico School District, Green Bay, Wisconsin (the "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.

### AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### OPINIONS

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

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 53 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of expenditures of state awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

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

### **Prior Year Summarized Financial Information**

The 2018 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated November 30, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information from which the prior year summarized financial information was derived.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin  
November 29, 2019



## Howard-Suamico School District

2706 Lineville Road

Green Bay, WI 54313

Phone (920) 662-7878 FAX (920) 662-9777

[www.hssd.k12.wi.us](http://www.hssd.k12.wi.us)

### Management's Discussion and Analysis June 30, 2019

As management of the Howard-Suamico School District ("the District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

#### Financial Highlights

- The District's total net position decreased by \$.32 million.
- As of June 30, 2019, the District's governmental funds reported combined ending fund balances of \$32.71 million, an increase of \$1.22 million in comparison with the prior year. Approximately 48.95% of this total amount, \$16.01 million is restricted or committed for specific purposes. The balance of \$16.19 million is unassigned fund balance and in compliance with the District fund balance policy.
- As of June 30, 2019, unassigned fund balance for the general fund was \$16.19 million, or approximately 23% of total general fund revenues. These resources are available to be expended at the discretion of the District. A minimum of approximately \$3.5 million is to be retained for cash flow purposes.

#### Overview of the Basic Financial Statements

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

**District-wide financial statements.** The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows and inflows of resources, and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., health care benefits during retirement.)

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include the District's basic services, such as regular and special education and various support services. The business-type activities of the District include the food service fund.

The district-wide financial statements can be found on pages 9-11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and referendum debt service fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Proprietary funds.** The District maintains a single type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The District uses enterprise funds to account for its food service fund.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The District's only proprietary fund is considered to be a nonmajor enterprise fund.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

**Fiduciary funds.** The District uses the fiduciary fund to account for the employee benefit trust fund and pupil activity account balances.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21-52 of this report.

**Required Supplementary Information.** Required supplementary information for the pension benefits and the other post-employment benefits plan and the budgetary basis statements of the general fund and special education special revenue fund can be found on pages 53-62.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds and pupil activity fund are presented following the required supplementary information. Combining and pupil activity fund statements and schedules can be found on pages 63-67.

**District-wide Financial Analysis**

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$84.8 million at the close of 2019. Capital improvements (land, land improvements, buildings, and equipment) are recorded at acquisition costs as per GASB 34 requirements.

Howard-Suamico School District's Net Position (in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 45,256	\$ 50,892	\$ 492	\$ 637	\$ 45,748	\$ 51,529
Capital assets	64,310	65,768	300	357	64,610	66,125
Total Assets	109,566	116,660	792	994	110,358	117,654
Deferred outflows of resources	20,406	12,046	-	-	20,406	12,046
Long-term liabilities outstanding	27,636	24,310	-	-	27,636	24,310
Other liabilities	7,324	6,544	123	197	7,447	6,741
Total Liabilities	34,960	30,854	123	197	35,083	31,051
Deferred inflows of resources	10,874	13,521	-	-	10,874	13,521
Net Position						
Net investment in capital assets	45,410	43,512	300	357	45,710	43,869
Restricted	2,563	2,652	-	-	2,563	2,652
Unrestricted	36,165	38,167	369	440	36,534	38,607
Total Net Position	\$ 84,138	\$ 84,331	\$ 669	\$ 797	\$ 84,807	\$ 85,128

By far the largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

**Change in net position.** Governmental activities decreased the District's net position by \$193 thousand, and business activities decreased the net position by \$128 thousand, thereby accounting for 100% of the total reduction in net position of the District. Key elements of this decrease are as follows:

Howard-Suamico School District's Change in Net Position (In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 6,236	\$ 5,806	\$ 1,636	\$ 1,561	\$ 7,872	\$ 7,367
Operating grants and contributions	8,218	7,300	880	865	9,098	8,165
<b>General Revenues</b>						
Property taxes	26,571	25,125	-	-	26,571	25,125
Other taxes	-	3	-	-	-	3
Grants and contributions not restricted to specific programs	32,935	34,086	-	-	32,935	34,086
Other	1,079	487	-	-	1,079	487
<b>Total Revenues</b>	<b>75,039</b>	<b>72,807</b>	<b>2,516</b>	<b>2,426</b>	<b>77,555</b>	<b>75,233</b>
<b>Expenses</b>						
Instruction	40,053	34,010	-	-	40,053	34,010
Support services	27,790	21,345	-	-	27,790	21,345
Community service	406	350	-	-	406	350
Interest on long-term debt	642	863	-	-	642	863
Other	6,341	6,164	-	-	6,341	6,164
School food service program	-	-	2,644	2,549	2,644	2,549
<b>Total Expenses</b>	<b>75,232</b>	<b>62,732</b>	<b>2,644</b>	<b>2,549</b>	<b>77,876</b>	<b>65,281</b>
<b>Change in Net Position</b>	<b>(193)</b>	<b>10,075</b>	<b>(128)</b>	<b>(123)</b>	<b>(321)</b>	<b>9,952</b>
Prior period adjustment	-	(1,200)	-	-	-	(1,200)
<b>Net Position - January 1</b>	<b>84,331</b>	<b>74,256</b>	<b>797</b>	<b>920</b>	<b>85,128</b>	<b>75,176</b>
<b>Net Position - December 31</b>	<b>\$ 84,138</b>	<b>\$ 84,331</b>	<b>\$ 669</b>	<b>\$ 797</b>	<b>\$ 84,807</b>	<b>\$ 85,128</b>

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

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2019, the District's governmental funds reported combined ending fund balances of \$32.71 million, an increase of \$1.22 million in comparison with the prior year. Approximately 59.49% of this amount is restricted or committed. The fund balance resources have been *restricted or committed* to indicate that they are not available for new spending because they are restricted by external requirements or committed by prior board action.

The general fund is the main operating fund of the District. At the end of the current year, unassigned fund balance of the general fund was \$16.19 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 22.9% of total general fund revenues.

The fund balance of the District's general fund increased by \$1.43 million during the year. Key factors in this are as follows:

- Interest income and outside contributions
- Unallocated resources

**Proprietary funds.** The District's proprietary funds provide the same type of information found in the District's district-wide financial statements, but in more detail.

Net position of the food service fund at the end of the year amounted to \$668,750. The total decrease in net position was \$128,421.

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$64.6 million. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, and construction in progress.

Major capital assets acquired or constructed during the year include:

- Purchase of land in front of high school \$1.9 million

<b>Howard-Suamico School District's Capital Assets</b>						
<b>(net of accumulated depreciation)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 4,070,592	\$ 2,247,562	\$ -	\$ -	\$ 4,070,592	\$ 2,247,562
Construction work in progress	35,000	-	-	-	35,000	-
Land improvements	1,223,957	1,258,711	-	-	1,223,957	1,258,711
Buildings	54,294,020	56,034,671	-	-	54,294,020	56,034,671
Machinery and equipment	4,686,589	6,227,520	300,106	357,125	4,986,695	6,584,645
<b>Total</b>	<b>\$ 64,310,158</b>	<b>\$ 65,768,464</b>	<b>\$ 300,106</b>	<b>\$ 357,125</b>	<b>\$ 64,610,264</b>	<b>\$ 66,125,589</b>

**Long-term debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$17,555,000. This represents 5.7% of the District’s allowable debt.

<b>Howard-Suamico School District's Outstanding Debt</b>						
<b>General Obligation Debt and Revenue Bonds</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>General Obligation Debt</b>						
<b>Bonds and Notes</b>	<b>\$ 17,555,000</b>	<b>\$ 20,215,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,555,000</b>	<b>\$ 20,215,000</b>

The District’s total debt decreased by \$2,660,000 during the current fiscal year.

**Economic Factors and Next Year’s Budgets and Rates**

- Inflationary trends in our region compare favorably to national indices.
- District full time equivalent (FTE) enrollment is stable.
- In 2004-2005 the District created the Other Postemployment Benefits (OPEB) Trust Fund and has fully funded the actuarially recommended Annual Determined Contribution (ADC). The District intends to continue funding this long-term liability.

All of these factors were considered in preparing the District’s budget for the 2019 fiscal year.

**Contacting the District’s Financial Management**

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Matthew Spets, Assistant Superintendent of Operations, Administrative Offices, 2706 Lineville Road, Green Bay, Wisconsin 54313.

# Howard-Suamico School District

## Green Bay, Wisconsin

### STATEMENT OF NET POSITION

JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	Governmental Activities	Business-type Activities	Totals	
			2019	2018
<b>ASSETS</b>				
Cash and investments	\$ 32,114,613	\$ 372,612	\$ 32,487,225	\$ 30,570,088
Receivables				
Taxes	6,580,641	-	6,580,641	5,884,466
Accounts	43,044	275	43,319	42,416
Due from other governments	952,462	119,005	1,071,467	1,841,732
Inventories and prepaid items	165,284	-	165,284	109,163
Net pension asset	1,548,038	-	1,548,038	9,193,488
Other postemployment benefits asset	3,852,248	-	3,852,248	3,887,685
Capital assets				
Nondepreciable	4,105,592	-	4,105,592	2,247,562
Depreciable, net	60,204,566	300,106	60,504,672	63,878,027
Total assets	109,566,488	791,998	110,358,486	117,654,627
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on advance refunding	491,662	-	491,662	582,222
Pension related amounts	19,391,387	-	19,391,387	10,979,307
Other postemployment related amounts	523,009	-	523,009	484,104
Total deferred outflows of resources	20,406,058	-	20,406,058	12,045,633
<b>LIABILITIES</b>				
Accounts payable	1,653,299	30,883	1,684,182	580,484
Accrued and other current liabilities	5,216,161	40	5,216,201	5,648,475
Accrued interest payable	174,157	-	174,157	219,909
Unearned revenues	1,596	92,325	93,921	78,985
Deposits payable	245,968	-	245,968	171,545
Health and dental claims payable	33,074	-	33,074	41,813
Long-term obligations				
Due in one year	3,151,705	-	3,151,705	3,701,337
Due in more than one year	15,892,985	-	15,892,985	19,137,341
Other postemployment benefits liability	1,263,078	-	1,263,078	1,471,680
Net pension liability	7,328,606	-	7,328,606	-
Total liabilities	34,960,629	123,248	35,083,877	31,051,569
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	10,122,995	-	10,122,995	13,064,183
Other postemployment related amounts	750,527	-	750,527	456,508
Total deferred inflows of resources	10,873,522	-	10,873,522	13,520,691
<b>NET POSITION</b>				
Net investment in capital assets	45,410,420	300,106	45,710,526	43,869,133
Restricted	2,562,539	-	2,562,539	11,845,569
Unrestricted	36,165,436	368,644	36,534,080	29,413,298
Total net position	\$ 84,138,395	\$ 668,750	\$ 84,807,145	\$ 85,128,000

The notes to the basic financial statements are an integral part of this statement.

# Howard-Suamico School District

## Green Bay, Wisconsin

### STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>			
Instruction	\$ 40,052,996	\$ 1,087,242	\$ 6,800,259
Support services	27,789,928	5,136,980	1,249,622
Community services	406,218	12,191	168,375
Non-program	2,115,790	-	-
Interest and fiscal charges	641,650	-	-
Depreciation - unallocated	4,225,693	-	-
<b>Total governmental activities</b>	<u>75,232,275</u>	<u>6,236,413</u>	<u>8,218,256</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
School food service program	<u>2,643,764</u>	<u>1,635,427</u>	<u>879,916</u>
<b>Total school district</b>	<u>\$ 77,876,039</u>	<u>\$ 7,871,840</u>	<u>\$ 9,098,172</u>
General revenues Property taxes Other taxes State and federal aids not restricted to specific functions Interest and investment earnings Gain on disposal of capital assets Miscellaneous Total general revenues			
<b>Change in net position</b>			
<b>Net position - July 1</b>			
<b>Net position - June 30</b>			

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>	
		<b>2019</b>	<b>2018</b>
\$ (32,165,495)	\$ -	\$ (32,165,495)	\$ (27,644,579)
(21,403,326)	-	(21,403,326)	(14,982,845)
(225,652)	-	(225,652)	(173,154)
(2,115,790)	-	(2,115,790)	(1,651,117)
(641,650)	-	(641,650)	(863,262)
(4,225,693)	-	(4,225,693)	(4,310,573)
<u>(60,777,606)</u>	<u>-</u>	<u>(60,777,606)</u>	<u>(49,625,530)</u>
<u>-</u>	<u>(128,421)</u>	<u>(128,421)</u>	<u>(123,405)</u>
<u>(60,777,606)</u>	<u>(128,421)</u>	<u>(60,906,027)</u>	<u>(49,748,935)</u>
26,570,825	-	26,570,825	25,124,620
-	-	-	2,612
32,935,092	-	32,935,092	34,085,688
527,665	-	527,665	288,179
329,538	-	329,538	7,429
222,052	-	222,052	191,904
<u>60,585,172</u>	<u>-</u>	<u>60,585,172</u>	<u>59,700,432</u>
(192,434)	(128,421)	(320,855)	9,951,497
<u>84,330,829</u>	<u>797,171</u>	<u>85,128,000</u>	<u>75,176,503</u>
<u>\$ 84,138,395</u>	<u>\$ 668,750</u>	<u>\$ 84,807,145</u>	<u>\$ 85,128,000</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	General	Referendum Debt Service	Other Governmental Funds	Totals	
				2019	2018
<b>ASSETS</b>					
Cash and investments	\$ 29,286,235	\$ 1,170,555	\$ 1,657,823	\$ 32,114,613	\$ 29,951,790
Receivables					
Taxes	6,580,641	-	-	6,580,641	5,884,466
Accounts	43,044	-	-	43,044	40,718
Due from other funds	30,516	-	1,000,000	1,030,516	1,000,000
Due from other governments	894,796	-	57,666	952,462	1,824,330
Inventories and prepaid items	108,742	-	56,542	165,284	109,163
Total assets	<u>\$ 36,943,974</u>	<u>\$ 1,170,555</u>	<u>\$ 2,772,031</u>	<u>\$ 40,886,560</u>	<u>\$ 38,810,467</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 1,626,679	\$ -	\$ 26,620	\$ 1,653,299	\$ 487,503
Accrued and other current liabilities	5,211,771	-	4,390	5,216,161	5,621,749
Due to other funds	1,000,000	-	30,516	1,030,516	1,000,000
Unearned revenues	1,596	-	-	1,596	1,340
Deposits payable	245,968	-	-	245,968	171,545
Dental claims payable	33,074	-	-	33,074	41,813
Total liabilities	<u>8,119,088</u>	<u>-</u>	<u>61,526</u>	<u>8,180,614</u>	<u>7,323,950</u>
Fund balances					
Nonspendable	108,742	-	56,542	165,284	109,163
Restricted	-	1,170,555	1,566,141	2,736,696	2,871,990
Committed	12,526,318	-	747,199	13,273,517	16,774,573
Assigned	-	-	341,361	341,361	360,332
Unassigned	16,189,826	-	(738)	16,189,088	11,370,459
Total fund balances	<u>28,824,886</u>	<u>1,170,555</u>	<u>2,710,505</u>	<u>32,705,946</u>	<u>31,486,517</u>
Total liabilities and fund balances	<u>\$ 36,943,974</u>	<u>\$ 1,170,555</u>	<u>\$ 2,772,031</u>	<u>\$ 40,886,560</u>	<u>\$ 38,810,467</u>

The notes to the basic financial statements are an integral part of this statement.

# Howard-Suamico School District

## Green Bay, Wisconsin

### BALANCE SHEET

### GOVERNMENTAL FUNDS

JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>		
Total fund balances as shown on previous page	\$ 32,705,946	\$ 31,486,517
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	64,310,158	65,768,464
Long-term assets are not available; therefore, are not reported in the funds:		
Net pension asset	1,548,038	9,193,488
Other postemployment benefits asset	3,852,248	3,887,685
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Loss on advance refunding	491,662	582,222
Deferred outflows related to pensions	19,391,387	10,979,307
Deferred inflows related to pensions	(10,122,995)	(13,064,183)
Deferred outflows related to other postemployment benefits	523,009	484,104
Deferred inflows related to other postemployment benefits	(750,527)	(456,508)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable	(17,555,000)	(20,215,000)
Capital leases payable	(1,026,705)	(2,041,337)
Premium on debt	(462,985)	(582,341)
Other postemployment benefits liability	(1,263,078)	(1,471,680)
Net pension liability	(7,328,606)	-
Accrued interest on long-term obligations	(174,157)	(219,909)
Net position of governmental activities as reported on the statement of net position (see page 9)	<u>\$ 84,138,395</u>	<u>\$ 84,330,829</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Howard-Suamico School District Green Bay, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	General	Referendum Debt Service	Other Governmental Funds	Totals	
				2019	2018
<b>REVENUES</b>					
Property taxes	\$ 23,120,000	\$ 2,786,450	\$ 664,375	\$ 26,570,825	\$ 25,127,232
Other local sources	1,392,691	15,428	872,068	2,280,187	1,993,627
Interdistrict sources	5,066,404	-	-	5,066,404	4,971,531
Intermediate sources	142,215	-	-	142,215	182,062
State sources	38,955,557	-	-	38,955,557	38,731,890
Federal sources	1,573,141	-	14,561	1,587,702	1,700,747
Other sources	144,330	-	58,365	202,695	173,124
<b>Total revenues</b>	<b>70,394,338</b>	<b>2,801,878</b>	<b>1,609,369</b>	<b>74,805,585</b>	<b>72,880,213</b>
<b>EXPENDITURES</b>					
Instruction					
Regular instruction	25,492,080	-	244,304	25,736,384	22,795,168
Vocational instruction	1,744,179	-	2,408	1,746,587	1,624,933
Special education instruction	6,227,087	-	-	6,227,087	5,633,871
Other instruction	3,418,824	-	292,733	3,711,557	3,542,781
<b>Total instruction</b>	<b>36,882,170</b>	<b>-</b>	<b>539,445</b>	<b>37,421,615</b>	<b>33,596,753</b>
Support services					
Pupil services	2,980,926	-	14,561	2,995,487	2,607,391
Instructional staff services	4,292,100	-	39,483	4,331,583	3,555,226
General administration services	689,327	-	26,077	715,404	597,215
School administration services	3,081,576	-	7,866	3,089,442	2,948,029
Business services	1,464,524	-	161,681	1,626,205	1,075,390
Operations and maintenance of plant	8,955,828	-	7,400	8,963,228	5,279,898
Pupil transportation services	2,517,067	-	20,233	2,537,300	2,463,193
Central services	2,012,840	-	-	2,012,840	2,107,279
Insurance	339,469	-	-	339,469	317,739
Other support services	3,002,358	-	175,129	3,177,487	160,820
<b>Total support services</b>	<b>29,336,015</b>	<b>-</b>	<b>452,430</b>	<b>29,788,445</b>	<b>21,112,180</b>
Debt service					
Principal	1,014,632	2,360,000	300,000	3,674,632	8,437,700
Interest and fiscal charges	24,292	450,050	122,500	596,842	793,353
<b>Total debt service</b>	<b>1,038,924</b>	<b>2,810,050</b>	<b>422,500</b>	<b>4,271,474</b>	<b>9,231,053</b>
Community service					
Non-program	-	-	395,370	395,370	303,976
General tuition payments	1,500,717	-	-	1,500,717	1,208,833
Special education tuition payments	380,601	-	-	380,601	549,522
Adjustments and refunds	10,100	-	-	10,100	561
Voucher payments	224,372	-	-	224,372	94,236
<b>Total non-program</b>	<b>2,115,790</b>	<b>-</b>	<b>-</b>	<b>2,115,790</b>	<b>1,853,152</b>
<b>Total expenditures</b>	<b>69,372,899</b>	<b>2,810,050</b>	<b>1,809,745</b>	<b>73,992,694</b>	<b>66,097,114</b>
Excess of revenues over (under) expenditures	1,021,439	(8,172)	(200,376)	812,891	6,783,099
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	406,538	-	-	406,538	7,129
Transfers in	-	-	-	-	1,000,000
Transfers out	-	-	-	-	(1,000,000)
<b>Total other financing sources (uses)</b>	<b>406,538</b>	<b>-</b>	<b>-</b>	<b>406,538</b>	<b>7,129</b>
<b>Net change in fund balances</b>	<b>1,427,977</b>	<b>(8,172)</b>	<b>(200,376)</b>	<b>1,219,429</b>	<b>6,790,228</b>
<b>Fund balances - July 1</b>	<b>27,396,909</b>	<b>1,178,727</b>	<b>2,910,881</b>	<b>31,486,517</b>	<b>24,696,289</b>
<b>Fund balances - June 30</b>	<b>\$ 28,824,886</b>	<b>\$ 1,170,555</b>	<b>\$ 2,710,505</b>	<b>\$ 32,705,946</b>	<b>\$ 31,486,517</b>

The notes to the basic financial statements are an integral part of this statement.

# Howard-Suamico School District

## Green Bay, Wisconsin

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

FOR THE YEAR ENDED JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net change in fund balances as shown on previous page	\$ 1,219,429	\$ 6,790,228
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay reported in governmental fund statements	2,932,764	67,064
Depreciation expense reported in the statement of activities	(4,225,693)	(4,310,573)
Net book value of disposals	(165,377)	-
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repaid	2,660,000	7,435,000
Capital leases paid	1,014,632	1,002,700
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	45,752	20,653
Amortization of premiums, discounts and loss on advance refunding	28,796	33,814
Net pension asset	(7,645,450)	
Net pension liability	(7,328,606)	10,872,584
Deferred outflows of resources related to pensions	8,412,080	(4,368,316)
Deferred inflows of resources related to pensions	2,941,188	(7,660,682)
Other postemployment benefits asset	(35,437)	
Other postemployment benefits liability	208,602	1,004,738
Deferred outflows of resources related to other postemployment benefits	38,905	(356,100)
Deferred inflows of resources related to other postemployment benefits	(294,019)	(456,508)
Change in net position of governmental activities as reported in the statement of activities (see pages 10 - 11)	<u>\$ (192,434)</u>	<u>\$ 10,074,602</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Howard-Suamico School District Green Bay, Wisconsin

**STATEMENT OF NET POSITION  
FOOD SERVICE PROPRIETARY FUND  
JUNE 30, 2019  
WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and investments	\$ 372,612	\$ 618,298
Receivables		
Accounts	275	1,698
Due from other governments	119,005	17,402
Capital assets		
Depreciable, net	<u>300,106</u>	<u>357,125</u>
Total assets	<u>791,998</u>	<u>994,523</u>
<b>LIABILITIES</b>		
Accounts payable	30,883	92,981
Accrued and other current liabilities	40	26,726
Unearned revenues	<u>92,325</u>	<u>77,645</u>
Total liabilities	<u>123,248</u>	<u>197,352</u>
<b>NET POSITION</b>		
Net investment in capital assets	300,106	357,125
Restricted	<u>368,644</u>	<u>440,046</u>
Total net position	<u>\$ 668,750</u>	<u>\$ 797,171</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Howard-Suamico School District

## Green Bay, Wisconsin

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOOD SERVICE PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Food sales	\$ 1,635,427	\$ 1,560,956
State sources	31,067	32,526
Federal sources	848,849	832,253
	<u>2,515,343</u>	<u>2,425,735</u>
<b>OPERATING EXPENSES</b>		
Salaries, wages and benefits	1,232,496	1,201,364
Operations and maintenance of plant	57,929	50,516
Purchased services	240,846	73,553
Supplies and materials	1,052,466	1,159,002
Other	3,008	5,980
Depreciation	57,019	58,725
	<u>2,643,764</u>	<u>2,549,140</u>
Total operating expenses		
	<u>(128,421)</u>	<u>(123,405)</u>
Operating loss		
<b>NONOPERATING REVENUES</b>		
Sale of equipment	-	300
	<u>(128,421)</u>	<u>(123,105)</u>
<b>Change in net position</b>		
	<u>797,171</u>	<u>920,276</u>
<b>Net position - July 1</b>		
	<u>\$ 668,750</u>	<u>\$ 797,171</u>
<b>Net position - June 30</b>		

*The notes to the basic financial statements are an integral part of this statement.*

# Howard-Suamico School District Green Bay, Wisconsin

## STATEMENT OF CASH FLOWS FOOD SERVICE PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 1,651,530	\$ 1,560,308
Cash received from other government payments	778,313	947,630
Cash payments to employees	(1,259,182)	(1,224,791)
Cash payments to suppliers	(1,416,347)	(1,204,877)
Net cash provided (used) by operating activities	<u>(245,686)</u>	<u>78,270</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Sale of capital assets	<u>-</u>	<u>300</u>
<b>Change in cash and cash equivalents</b>	(245,686)	78,570
<b>Cash and cash equivalents - July 1</b>	<u>618,298</u>	<u>539,728</u>
<b>Cash and cash equivalents - June 30</b>	<u>\$ 372,612</u>	<u>\$ 618,298</u>
<b>RECONCILIATION OF OPERATING LOSS TO CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (128,421)	\$ (123,405)
Adjustments to reconcile change in net position to net cash provided (used) by operating activities		
Depreciation	57,019	58,725
Change in operating assets and liabilities		
Accounts receivables	1,423	(1,471)
Due from other governments	(101,603)	82,851
Accounts payable	(62,098)	84,174
Accrued and other current liabilities	(26,686)	(23,427)
Unearned revenues	14,680	823
Net cash provided (used) by operating activities	<u>\$ (245,686)</u>	<u>\$ 78,270</u>
Noncash operating activities:		
Commodities received from U.S. Department of Agriculture	<u>\$ 162,906</u>	<u>\$ 192,981</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Howard-Suamico School District

## Green Bay, Wisconsin

### STATEMENT OF NET POSITION

#### FIDUCIARY FUNDS

JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	Employee	Agency	Totals	
	Benefit Trust	Pupil Activity	2019	2018
<b>ASSETS</b>				
Cash and investments	\$ 8,597,247	\$ 270,616	\$ 8,867,863	\$ 11,912,040
Accounts receivable	1,000,393	-	1,000,393	-
Total assets	<u>9,597,640</u>	<u>270,616</u>	<u>9,868,256</u>	<u>11,912,040</u>
<b>LIABILITIES</b>				
Accounts payable	-	14,891	14,891	10,850
Accrued and other liabilities	7,480	-	7,480	11,231
Due to student organizations	-	255,725	255,725	242,926
Total liabilities	<u>7,480</u>	<u>270,616</u>	<u>278,096</u>	<u>265,007</u>
<b>NET POSITION</b>				
Restricted	<u>\$ 9,590,160</u>	<u>\$ -</u>	<u>\$ 9,590,160</u>	<u>\$ 11,647,033</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Howard-Suamico School District Green Bay, Wisconsin

**STATEMENT OF CHANGES IN NET POSITION  
EMPLOYEE BENEFIT TRUST FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2019</u>	<u>2018</u>
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 3,000,000	\$ -
Plan members	12,365	-
Investment earnings	325,189	138,988
Total additions	<u>3,337,554</u>	<u>138,988</u>
<b>DEDUCTIONS</b>		
Trust fund disbursements	<u>5,394,427</u>	<u>5,292,373</u>
<b>Change in net position</b>	(2,056,873)	(5,153,385)
<b>Net position - July 1</b>	<u>11,647,033</u>	<u>16,800,418</u>
<b>Net position - June 30</b>	<u>\$ 9,590,160</u>	<u>\$ 11,647,033</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Howard-Suamico School District, Green Bay, Wisconsin (the "District"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

##### A. REPORTING ENTITY

The District is organized as a common school district. The District, governed by an elected seven member board, operates grades 4K through 12 and is comprised of all or parts of three taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

##### B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The District has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

##### General Fund

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

##### Referendum Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

The District reports no major proprietary funds. The District uses an enterprise fund to account for transactions of the food service fund.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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Additionally, the District reports the following fund types:

- ▶ The *employee benefit trust fund* is used to account for resources legally held in trust for other postemployment benefits.
- ▶ The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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#### D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

##### 1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

##### 2. Property Taxes

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

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

##### 3. Accounts Receivable

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

##### 4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

##### 5. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

##### 6. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

#### 7. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Land improvements	15 - 25	-
Buildings and improvements	30 - 50	25 - 50
Machinery and equipment	5 - 25	3 - 10

#### 8. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the district-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

#### 9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

#### 10. Long-term Obligations

In the district-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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#### 11. Pensions

##### ***Wisconsin Retirement System***

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

##### ***Supplemental Pension Plan***

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

#### 12. Other Postemployment Benefits Other Than Pensions (OPEB)

##### ***Local Retiree Life Insurance Fund***

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows or resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### ***Single-employer Defined Postemployment Benefit Plan***

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan (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.

#### 13. Fund Equity

##### ***Governmental Fund Financial Statements***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

#### *District-wide and Proprietary Fund Statements*

Equity is classified as net position and displayed in three components:

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

#### **E. USE OF ESTIMATES**

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

#### **F. PRIOR YEAR INFORMATION**

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

#### **G. RECLASSIFICATIONS**

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

### **NOTE 2: DETAILED NOTES ON ALL FUNDS**

#### **A. CASH AND INVESTMENTS**

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the fiduciary funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized user Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$41,355,088 on June 30, 2019 as summarized below:

Petty cash and cash on hand	\$ 6,951
Deposits with financial institutions	1,082,579
Investments	
Wisconsin Investment Series Cooperative (WISC)	39,555,079
Wisconsin Local Government Investment Pool	215,791
Negotiable certificates of Deposit	494,688
	<u>\$ 41,355,088</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 32,487,225
Fiduciary fund statement of net position	
Employee benefit trust	8,597,247
Agency fund	270,616
	<u>\$ 41,355,088</u>

#### Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2019:

	<u>Fair Value Measurements Using:</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments			
Negotiable certificates of deposit	<u>\$ -</u>	<u>\$ 494,688</u>	<u>\$ -</u>

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

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2019, \$1,254,285 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

#### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
WISC Investments					
Cash management series	\$ 1,514,156	\$ -	\$ 1,514,156	\$ -	\$ -
Investment series	27,641,024	-	27,641,024	-	-
Limited term duration	10,399,899	-	10,399,899	-	-
Negotiable certificates of deposit	494,688	-	-	-	494,688
Wisconsin Local Government					
Investment Pool	215,791	-	-	-	215,791
Totals	<u>\$ 40,265,558</u>	<u>\$ -</u>	<u>\$ 39,555,079</u>	<u>\$ -</u>	<u>\$ 710,479</u>

#### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

At June 30, 2019, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
WISC Investments					
Cash management series	\$ 1,514,156	\$ 1,514,156	\$ -	\$ -	\$ -
Investment series	27,641,024	27,641,024	-	-	-
Limited term duration	10,399,899	10,399,899	-	-	-
Negotiable certificates of deposit	494,688	494,688	-	-	-
Wisconsin Local Government					
Investment Pool	215,791	215,791	-	-	-
Totals	<u>\$ 40,265,558</u>	<u>\$ 40,265,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$40,049,767 at year-end consisting of \$1,514,156 invested in the Cash Management Series, \$27,641,024 invested in the Investment Series, \$10,399,899 invested in the Limited Term Series investments, and \$494,688 in negotiable certificates of deposit. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less. The Limited Term Series investments feature a fixed rate of return and a fixed maturity date.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperative Statute, Wisconsin Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

#### Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool ("LGIP") of \$215,791 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2019, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

#### B. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 2,247,562	\$ 1,900,030	\$ 77,000	\$ 4,070,592
Construction in progress	-	35,000	-	35,000
Total capital assets, nondepreciable	<u>2,247,562</u>	<u>1,935,030</u>	<u>77,000</u>	<u>4,105,592</u>
Capital assets, depreciable:				
Land improvements	4,581,195	159,924	149,911	4,591,208
Buildings and improvements	103,163,337	843,823	333,205	103,673,955
Machinery and equipment	22,049,070	70,987	3,946,670	18,173,387
Subtotals	<u>129,793,602</u>	<u>1,074,734</u>	<u>4,429,786</u>	<u>126,438,550</u>
Less accumulated depreciation for:				
Land improvements	3,322,483	138,307	93,539	3,367,251
Buildings and improvements	47,128,667	2,487,437	236,169	49,379,935
Machinery and equipment	15,821,550	1,599,949	3,934,701	13,486,798
Subtotals	<u>66,272,700</u>	<u>4,225,693</u>	<u>4,264,409</u>	<u>66,233,984</u>
Total capital assets, depreciable, net	<u>63,520,902</u>	<u>(3,150,959)</u>	<u>165,377</u>	<u>60,204,566</u>
Governmental activities capital assets, net	<u>\$ 65,768,464</u>	<u>\$ (1,215,929)</u>	<u>\$ 242,377</u>	64,310,158
Less: Capital related debt				18,581,705
Less: Debt premium				462,985
Less: Accounts payable				346,710
Add: Deferred loss on advance refunding				<u>491,662</u>
Net investment in capital assets				<u>\$ 45,410,420</u>
<b>Business-type activities:</b>				
Capital assets, depreciable:				
Land improvements	\$ 3,550	\$ -	\$ -	\$ 3,550
Machinery and equipment	1,522,348	-	-	1,522,348
Subtotals	<u>1,525,898</u>	<u>-</u>	<u>-</u>	<u>1,525,898</u>
Less accumulated depreciation for:				
Land improvements	3,550	-	-	3,550
Machinery and equipment	1,165,223	57,019	-	1,222,242
Subtotals	<u>1,168,773</u>	<u>57,019</u>	<u>-</u>	<u>1,225,792</u>
Business-type activities capital assets, net	<u>\$ 357,125</u>	<u>\$ (57,019)</u>	<u>\$ -</u>	<u>\$ 300,106</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Depreciation expense was charged to functions of the District as follows:

Governmental activities	
Depreciation expense- unallocated	<u>\$ 4,225,693</u>

#### C. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2019 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
To fund the District's temporary cash deficits		
Governmental funds		
General	\$ 30,516	\$ -
TEACH	-	738
Other Special Projects	-	213
Non-Referendum Debt Service	-	29,565
To fund the District's long-term capital infrastructure plans		
Governmental funds		
General	-	1,000,000
Long-term Capital Improvement Fund	<u>1,000,000</u>	<u>-</u>
Totals	<u>\$ 1,030,516</u>	<u>\$ 1,030,516</u>

#### D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation debt					
Bonds	\$ 9,455,000	\$ -	\$ 2,360,000	\$ 7,095,000	\$ 265,000
Notes	10,760,000	-	300,000	10,460,000	1,860,000
Total general obligation debt	<u>20,215,000</u>	<u>-</u>	<u>2,660,000</u>	<u>17,555,000</u>	<u>2,125,000</u>
Debt premium	582,341	-	119,356	462,985	-
Capital leases	<u>2,041,337</u>	<u>-</u>	<u>1,014,632</u>	<u>1,026,705</u>	<u>1,026,705</u>
Governmental activities					
Long-term obligations	<u>\$ 22,838,678</u>	<u>\$ -</u>	<u>\$ 3,793,988</u>	<u>\$ 19,044,690</u>	<u>\$ 3,151,705</u>

Total interest paid during the year on long-term debt totaled \$596,842.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

#### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/19</u>
General obligation bonds	3/4/14	3/1/27	2.00 - 3.00%	\$ 6,460,000	\$ 3,555,000
General obligation bonds	12/3/14	3/1/34	2.50 - 4.00%	3,540,000	3,540,000
General obligation notes	5/2/11	3/1/21	4.90%	2,500,000	600,000
General obligation notes	4/14/15	3/1/25	2.00%	9,860,000	9,860,000
Total outstanding general obligation debt					<u>\$ 17,555,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$17,555,000 on June 30, 2019 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,125,000	\$ 525,350	\$ 2,650,350
2021	2,165,000	487,900	2,652,900
2022	2,050,000	326,925	2,376,925
2023	2,125,000	284,363	2,409,363
2024	2,170,000	239,844	2,409,844
2025-2029	5,545,000	565,776	6,110,776
2030-2034	1,375,000	153,288	1,528,288
	<u>\$ 17,555,000</u>	<u>\$ 2,583,446</u>	<u>\$ 20,138,446</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

#### Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2019 was \$291,246,215 as follows:

Equalized valuation of the District		\$ 3,079,075,037
Statutory limitation percentage		(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>307,907,504</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 17,555,000	
Less: Amounts available for financing general obligation debt		
Debt service fund net of accrued interest	<u>1,024,286</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>16,530,714</u>
Legal margin for new debt		<u>\$ 291,376,790</u>

#### In-substance defeasance

In prior years, the District advance refunded a portion of general obligations dated March 4, 2014. As a result, \$2,545,000 is now considered defeased and has been removed from the District's long-term obligations.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

#### Capital Lease

The District is obligated under a lease accounted for as a capital lease that was used to finance the acquisition of capital assets. The cost of the capital assets under the capital lease is \$4,062,816 and the related accumulated depreciation is \$2,294,920 as of June 30, 2019.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at June 30, 2019:

Year Ending	Governmental Activities
2020	\$ 1,038,924
Less: Amount representing interest	12,219
Present value of future minimum lease payments	<u>\$ 1,026,705</u>

#### E. PENSION PLANS

The District reports pension related balances at June 30, 2019, as summarized below:

	Pension Asset	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Wisconsin Retirement System (WRS)	\$ -	\$ 7,328,606	\$ 19,020,130	\$ 10,122,995
Supplemental or stipend pension plan	1,548,038	-	371,257	-
Total pension liability	<u>\$ 1,548,038</u>	<u>\$ 7,328,606</u>	<u>\$ 19,391,387</u>	<u>\$ 10,122,995</u>

#### 1. Wisconsin Retirement System

##### *WRS Pension Plan Description*

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service. The factors influencing the benefit are 1) final average earnings, 2) years of creditable service, and 3) a formula factor.

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.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

#### **Post-Retirement Adjustments**

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

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

#### **Contributions**

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

During the reporting period ending June 30, 2019, the WRS recognized \$2,198,556 in contributions from the District.

Contribution rates for the reporting period are:

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

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

At June 30, 2019, the District reported a liability of \$7,328,606 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.20599361%, which was a decrease of 0.00050256% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$4,917,274.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,707,873	\$ 10,089,469
Net differences between projected and actual earnings on pension plan investments	10,702,928	-
Changes in assumptions	1,235,335	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	952	33,526
Employer contributions subsequent to the measurement date	1,373,042	-
Total	<u>\$ 19,020,130</u>	<u>\$ 10,122,995</u>

The \$1,373,042 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2020	\$ 2,714,900
2021	683,036
2022	1,193,692
2023	2,932,465
Total	<u>\$ 7,524,093</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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#### **Actuarial Assumptions**

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

Actuarial valuation date:	December 31, 2017
Measurement date of net pension liability (asset):	December 31, 2018
Actuarial cost method:	Entry Age
Asset valuation method:	Fair 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 using experience from 2015 - 2017. 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:

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

	<u>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<b>Core Fund Asset Class</b>			
Global equities	39%	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	100%	7.3%	4.7%
<b>Variable Fund Asset Class</b>			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

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

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

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

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

	<u>1% Decrease to Discount Rate (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase to Discount Rate (8.0%)</u>
District's proportionate share of the net pension liability (asset)	\$ 29,124,651	\$ 7,328,606	\$ (8,878,442)

**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>.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**Payable to the Pension Plan**

At June 30, 2019, the District reported a payable of \$490,668 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2019.

**2. Supplemental Pension Plan Description**

**Plan Description**

The plan, a single-employer pension plan, is a defined benefit pension plan established to provide benefits after early retirement. The plan is administered by the District. The plan does not issue separate financial statements.

**Benefits Provided**

All employees of the District are eligible for the Plan if they meet the following age and service requirements:

	Eligibility Requirement		Benefit
	Age	Service	
Teachers	55	15 years	Credit/benefit under a Cafeteria Plan determined by the final contracted salary multiplied by a factor derived by years of service and step level
Administrative	N/A	10 - 14 years	80% of final year's salary contributed to a Tax Sheltered Annuity (TSA) over 5 years
	N/A	15 years	100% of final year's salary contributed to a TSA over 5 years
Pupil Services	N/A	15 years	100% of final year's salary contributed to a TSA over 5 years

The supplemental pension benefit is now closed as all participants had to retire by June 30, 2017 to be eligible for the above benefits.

In addition, the District will provide administrators, teachers, and pupil services with a 403(b) Boost contribution to be prefunded prior to retirement. The amount is based on age and service as of June 30, 2016 which forms a factor that is multiplied by a dollar amount and years of service as of June 30, 2016 up to a maximum dollar amount based on classification. During 2018-2019 a \$3,000,000 employer contribution was made in addition to the net asset of \$681,735 at June 30, 2018 included in the employee benefit trust were allocated to each beneficiary based on amount earned. As a result this became a fully funded benefit that will continue to be actively funded each March and is no longer subject to reporting requirements under GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not with the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*

**Employees Covered by Benefit Terms**

Membership of the Plan at June 30, 2017 used for the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefit payments	96
Active employees	-
	96

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

#### **Contributions**

For fiscal years prior to 2007-08, these benefits were funded on a pay-as-you-go basis. Subsequent to the 2007-08 year, these benefits were funded based upon an actuarial valuation and recorded in the District's Employee Benefit Trust Fund.

#### **Investments**

*Rate of Return.* For the year ended June 30, 2019, the annual money-weighted rate of return, net of investment expense, was 0.64%.

#### **Concentrations**

The investment policy of the Plan contains no limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments.

#### **Total Pension Liability**

Total Pension Liability - Ending (a)	\$ 3,059,225
Plan Fiduciary Net Position - Ending (b)	4,607,263
District's Net Pension Liability - Ending (a) - (b)	<u><u>\$ (1,548,038)</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	150.60%
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#### **Net Pension Asset**

The District's net pension liability was measured as of June 30, 2018 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2017.

**Actuarial Assumptions.** The total pension asset in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Actuarial cost method	Individual entry age normal
Amortization method	Level percentage of salary, open basis
Actuarial assumptions:	
Discount rate	3.75%
Inflation	2.50%

Mortality rates are the same as those used in the December 31, 2014 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2015.

The long-term expected rate of return on pension plan investments was valued at 3.75%. The 20 year tax-exempt AA Municipal bond rate as of the measurement date was used for all years of benefit payments.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**Discount rate.** The discount rate used to measure the total pension liability was 3.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected pension payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### *Changes in the Net Pension Liability (Asset)*

##### Supplemental Pension

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at July 1, 2017	\$ 3,925,298	\$ 5,525,282	\$ (1,599,984)
Changes for the year:			
Service cost	-	-	-
Interest	120,520	-	120,520
Differences between expected and actual experiences	-	-	-
Changes of assumptions or other input	(22,864)	-	(22,864)
Contributions - employer	-	-	-
Net investment income	-	45,710	(45,710)
Benefit payments	(963,729)	(963,729)	-
Net changes	(866,073)	(918,019)	51,946
Balance at June 30, 2018	<u>\$ 3,059,225</u>	<u>\$ 4,607,263</u>	<u>\$ (1,548,038)</u>

**Sensitivity of the net pension liability (asset) to changes in the discount rate.** The following presents the District's net pension liability (asset) calculated using the discount rate of 3.75 percent, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Net pension liability (asset)	\$ (1,454,466)	\$ (1,548,038)	\$ (1,636,158)

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

At June 30, 2019, the District reported an asset of \$1,548,038 representing the net pension asset of the supplemental pension plan.

For the year ended June 30, 2019, the District recognized pension expense of \$159,739 for the supplemental pension plan.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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

#### Supplemental Pension Plan

	<u>Deferred Outflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	<u>\$ 371,257</u>

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

#### Supplemental Pension Plan

<u>Year Ended June 30,</u>	<u>Expense</u>
2020	\$ 175,734
2021	107,481
2022	61,880
2023	26,162
Total	<u>\$ 371,257</u>

#### *Payable to the Supplemental Pension Plan*

At June 30, 2019, the District reported no outstanding contributions to the plans required for the year ended June 30, 2019.

#### F. OTHER POSTEMPLOYMENT BENEFITS

The District reports OPEB related balances at June 30, 2019 as summarized below:

	<u>OPEB Asset</u>	<u>OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Local Retiree Life Insurance Fund (LRLIF)	\$ -	\$ 1,263,078	\$ 151,499	\$ 346,588
Single-employer defined OPEB plan	3,852,248	-	371,510	403,939
Total pension liability	<u>\$ 3,852,248</u>	<u>\$ 1,263,078</u>	<u>\$ 523,009</u>	<u>\$ 750,527</u>

#### 1. Single-employer Defined Postemployment Benefit Plan

##### *Plan Description*

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

##### *Employees Covered by Benefit Terms*

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

Inactive employees or beneficiaries currently receiving benefit payments	57
Active employees	<u>422</u>
	<u>479</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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#### Investments

*Rate of Return.* For the year ended June 30, 2019, the annual money-weighted rate of return, net of investment expense, was 0.87%.

#### Concentrations

The investment policy of the Plan contains no limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments.

#### Net OPEB Liability

Total OPEB Liability - Ending (a)	\$ 2,505,787
Plan Fiduciary Net Position - Ending (b)	6,358,035
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ (3,852,248)</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	253.73%
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# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

#### Contributions

	Eligibility	Eligible to Retire as of (Date)	Amount of Contribution	Length of Contribution
Teachers	At least age 55 with a minimum of 15 years of service.	Prior to 6/30/2016	Prior to 6/30/2016	95% of single; 50% of family medical premiums
	At least age 55 with a minimum of 20 years of service (or age 58 with a minimum of 15 years of service)	7/1/16-6/30/17	95% of single; 50% of family medical premiums	Medicare-eligibility
	None	7/1/17 or thereafter	No early retirement / postemployment benefits	N/A
Administrators	At least age 58 with a minimum of 10 years of service.	Prior to 6/30/2016	100% of single or family premiums	8 years or Medicare-eligibility
	At least age 58 with a minimum of 10 years of service.	7/1/16-6/30/17	100% of single or family premiums	Medicare-eligibility
	None	7/1/17 or thereafter	No early retirement / postemployment benefits	N/A
Pupil Services Staff & Coordinator	At least age 58 with a minimum of 15 years of service.	Prior to 6/30/2016	95% of single; 50% of family medical premiums	8 years or Medicare-eligibility
	At least age 58 with a minimum of 15 years of service.	7/1/16-6/30/17	95% of single; 50% of family medical premiums	Medicare-eligibility
	None	7/1/17 or thereafter	No early retirement / postemployment benefits	N/A

#### Net OPEB Asset

The District's net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2017.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**Actuarial Assumptions.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Salary increases:	3.00%
Investment rate of return:	3.75%
Healthcare cost trend rates:	5.534% first year, 7.00% second year decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

Mortality rates are the same as those used in the December 2012 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2017 valuation were based on the "Wisconsin Retirement System 2012 - 2014 Experience Study".

The long-term expected rate of return on OPEB plan investments was valued at 3.50%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### *Changes in the Net OPEB Liability (Asset)*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at July 1, 2018	\$ 3,207,035	\$ 7,094,720	\$ (3,887,685)
Changes for the year:			
Service cost	14,266	-	14,266
Interest	98,577	-	98,577
Differences between expected and actual experiences	-	-	-
Changes of assumptions or other input	(18,712)	-	(18,712)
Contributions - employer	-	-	-
Net investment income	-	58,694	(58,694)
Benefit payments	(795,379)	(795,379)	-
Net changes	(701,248)	(736,685)	35,437
Balance at June 30, 2019	<u>\$ 2,505,787</u>	<u>\$ 6,358,035</u>	<u>\$ (3,852,248)</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

	<b>1% Decrease to Discount Rate (2.75%)</b>	<b>Current Discount Rate (3.75%)</b>	<b>1% Increase to Discount Rate (4.75%)</b>
Net OPEB asset	\$ (3,776,039)	\$ (3,852,248)	\$ (3,924,872)

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

	<b>1% Decrease (4.534% 1st year, 6.0% 2nd year decreasing to 4.0%)</b>	<b>Healthcare Cost Trend Rates (5.534% 1st year, 7.0% 2nd year decreasing to 5.0%)</b>	<b>1% Increase (6.534 1st year, 8.0% 2nd year decreasing to 6.0%)</b>
Net OPEB asset	\$ (3,923,328)	\$ (3,852,248)	\$ (3,775,863)

**OPEB plan fiduciary net position.** Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

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

For the year ended June 30, 2019, the District recognized OPEB expense of (\$32,652). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 136,234
Changes in assumptions	-	267,705
Net difference between projected and actual earnings on OPEB plan investments	371,510	-
Total	<u>\$ 371,510</u>	<u>\$ 403,939</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

<b>Year Ended June 30,</b>	<b>Expense</b>
2020	\$ 88,901
2021	88,903
2022	37,853
2023	(5,095)
2024	(40,237)
Thereafter	<u>(202,754)</u>
Total	<u>\$ (32,429)</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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***Payable to the OPEB Plan***

At June 30, 2019, the District reported no outstanding contribution to the Plan required for the year ended June 30, 2019.

## 2. Local Retiree Life Insurance Fund

***Plan Description***

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

***OPEB Plan Fiduciary Net Position***

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

***Benefits Provided***

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

***Contributions***

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2019 are:

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

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

During the reporting period, the LRLIF recognized \$9,431 in contributions from the employer.

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

At June 30, 2019, the District reported a liability of \$1,263,078 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.48950100%, which was an increase of .00034000% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2019, the District recognized OPEB expense of \$124,033.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 64,074
Net differences between projected and actual earnings on OPEB plan investments	30,185	-
Changes in assumptions	120,517	273,785
Changes in proportion and differences between employer contributions and proportionate share of contributions	797	8,729
Total	<u>\$ 151,499</u>	<u>\$ 346,588</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

Year Ended June 30,	Expense
2020	\$ (26,306)
2021	(26,306)
2022	(26,306)
2023	(30,546)
Thereafter	(85,625)
Total	<u>\$ (195,089)</u>

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

Actuarial valuation date:	January 1, 2018
Measurement date of net OPEB liability (asset):	December 31, 2018
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	4.10%
Long-term expected rate of return:	5.00%
Discount rate:	4.20%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Mur	1%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**Single discount rate.** A single discount rate of 4.22% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

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

	<u>1% Decrease to Discount Rate (3.22%)</u>	<u>Current Discount Rate (4.22%)</u>	<u>1% Increase to Discount Rate (5.22%)</u>
District's proportionate share of the net OPEB liability	\$ 1,796,812	\$ 1,263,078	\$ 851,423

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

**Payable to the OPEB Plan**

At June 30, 2019, the District reported no outstanding contribution to the Plan required for the year ended June 30, 2019.

### G. FUND EQUITY

**Nonspendable Fund Balance**

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2019, nonspendable fund balance was as follows:

	<u>General</u>	<u>TEACH</u>
Nonspendable Inventories and prepaid items	<u>\$ 108,742</u>	<u>\$ 56,542</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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#### Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2019, restricted fund balance was as follows:

Debt service funds		
Restricted for		
Referendum debt service	\$	1,170,555
Non-referendum debt service		<u>27,888</u>
Total debt service fund restricted fund balance		<u>1,198,443</u>
Capital projects fund		
Restricted for		
Long-term capital improvement		<u>1,538,253</u>
Total restricted fund balance	\$	<u>2,736,696</u>

#### Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2019, fund balance was committed as follows:

General Fund		
Committed for		
Self-funded dental	\$	123,765
Early retirement		3,240,915
Capital improvements		7,776,953
Digital transformation		1,110,000
Tax rates stabilization		<u>274,685</u>
Total General Fund committed fund balance		<u>12,526,318</u>
Special revenue funds		
Committed for		
Trust Fund		<u>747,199</u>
Total committed fund balance	\$	<u>13,273,517</u>

#### Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2019, fund balance was assigned as follows:

Special Revenue Funds		
Assigned for		
Community services		
District	\$	155,046
The Giving Tree		181,240
Summer athletics		<u>5,075</u>
Total special revenue fund assigned fund balance	\$	<u>341,361</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

#### Minimum General Fund Balance Policy

The District has also adopted a minimum fund balance policy of 5% of General Fund revenues be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2018-2019 General Fund Revenues	\$ 70,394,338
Minimum fund balance %	(x) 5%
Minimum fund balance amount	<u>\$ 3,519,717</u>

The District's unassigned General Fund balance of \$16,189,826 exceeds the minimum fund balance amount.

#### Restricted Fiduciary Net Position

In the fund financial statements, portions of fiduciary fund net position are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2019, restricted fiduciary fund net position was as follows:

Fiduciary Fund	
Restricted for	
Postemployment benefits	<u>\$ 9,590,160</u>

#### Net Position

The District reports restricted net position at June 30, 2019 as follows:

Governmental activities	
Restricted for	
Debt service	\$ 1,024,286
Capital projects	<u>1,538,253</u>
Total governmental activities restricted net position	<u>\$ 2,562,539</u>

### NOTE 3: OTHER INFORMATION

#### A. 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 government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. The District did not report losses that exceeded its coverage in the current or two previous years.

#### Self-funded Insurance Program

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

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

At June 30, 2019, the District has reported a liability of \$33,074 which represents reported and unreported claims which were incurred on or before June 30, 2019, but were not paid by the District as of that date. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2018 and June 30, 2019 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2019	\$ 41,813	\$ 618,727	\$ 627,466	\$ 33,074
2018	33,074	613,454	604,715	41,813

#### B. CONTINGENCIES

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

#### C. LIMITATION ON SCHOOL DISTRICT REVENUES

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

This limitation does not apply to revenue needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

#### D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 23,120,000	\$ 23,120,000	\$ 23,120,000	\$ -
Other local sources	979,034	979,034	1,392,691	413,657
Interdistrict sources	5,159,769	5,159,769	5,066,404	(93,365)
Intermediate sources	10,000	10,000	29,247	19,247
State sources	37,495,679	37,495,679	37,381,250	(114,429)
Federal sources	576,116	576,116	539,817	(36,299)
Other sources	48,500	48,500	144,330	95,830
<b>Total revenues</b>	<b>67,389,098</b>	<b>67,389,098</b>	<b>67,673,739</b>	<b>284,641</b>
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	28,284,111	28,284,111	25,492,080	2,792,031
Vocational instruction	1,836,424	1,836,424	1,744,179	92,245
Other instruction	3,741,820	3,741,820	3,418,824	322,996
<b>Total instruction</b>	<b>33,862,355</b>	<b>33,862,355</b>	<b>30,655,083</b>	<b>3,207,272</b>
Support services				
Pupil services	1,759,729	1,759,729	1,794,851	(35,122)
Instructional staff services	3,566,821	3,566,821	3,942,898	(376,077)
General administration services	816,444	816,444	689,327	127,117
School administration services	3,371,986	3,371,986	3,081,576	290,410
Business services	1,704,655	1,704,655	1,452,524	252,131
Operations and maintenance of plant	8,221,923	8,221,923	8,955,828	(733,905)
Pupil transportation services	2,278,119	2,278,119	2,174,742	103,377
Central services	2,244,254	2,244,254	2,012,840	231,414
Insurance	391,625	391,625	339,469	52,156
Other support services	2,358	2,358	3,002,358	(3,000,000)
<b>Total support services</b>	<b>24,357,914</b>	<b>24,357,914</b>	<b>27,446,413</b>	<b>(3,088,499)</b>
Debt service				
Principal	1,002,700	1,002,700	1,014,632	(11,932)
Interest and fiscal charges	36,224	36,224	24,292	11,932
<b>Total debt service</b>	<b>1,038,924</b>	<b>1,038,924</b>	<b>1,038,924</b>	<b>-</b>
Non-program				
General tuition payments	1,210,205	1,210,205	1,500,717	(290,512)
Adjustments and refunds	-	-	10,100	(10,100)
Voucher payments	94,236	94,236	224,372	(130,136)
<b>Total non-program</b>	<b>1,304,441</b>	<b>1,304,441</b>	<b>1,735,189</b>	<b>(430,748)</b>
<b>Total expenditures</b>	<b>60,563,634</b>	<b>60,563,634</b>	<b>60,875,609</b>	<b>(311,975)</b>
Excess of revenues over expenditures	6,825,464	6,825,464	6,798,130	(27,334)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	389,000	389,000	406,538	17,538
Transfers out	(7,214,464)	(7,214,464)	(5,776,691)	1,437,773
<b>Total other financing sources (uses)</b>	<b>(6,825,464)</b>	<b>(6,825,464)</b>	<b>(5,370,153)</b>	<b>1,455,311</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>1,427,977</b>	<b>1,427,977</b>
<b>Fund balance - July 1</b>	<b>27,396,909</b>	<b>27,396,909</b>	<b>27,396,909</b>	<b>-</b>
<b>Fund balance - June 30</b>	<b>\$ 27,396,909</b>	<b>\$ 27,396,909</b>	<b>\$ 28,824,886</b>	<b>\$ 1,427,977</b>

See notes to required supplementary information.

# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SPECIAL EDUCATION SPECIAL REVENUE FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interdistrict sources	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Intermediate sources	-	-	112,968	112,968
State sources	1,700,000	1,700,000	1,574,307	(125,693)
Federal sources	1,324,178	1,324,178	1,033,324	(290,854)
Total revenues	3,044,178	3,044,178	2,720,599	(323,579)
<b>EXPENDITURES</b>				
Instruction				
Special education instruction	6,457,935	6,457,935	6,227,087	230,848
Support services				
Pupil services	1,262,729	1,262,729	1,186,075	76,654
Instructional staff services	475,792	475,792	349,202	126,590
Business services	12,000	12,000	12,000	-
Pupil transportation services	348,800	348,800	342,325	6,475
Total support services	2,099,321	2,099,321	1,889,602	209,719
Non-program				
Special education tuition payments	387,509	387,509	380,601	6,908
Total expenditures	8,944,765	8,944,765	8,497,290	447,475
Excess of revenues under expenditures	(5,900,587)	(5,900,587)	(5,776,691)	123,896
<b>OTHER FINANCING SOURCES</b>				
Transfers in	5,900,587	5,900,587	5,776,691	(123,896)
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance - July 1</b>	-	-	-	-
<b>Fund balance - June 30</b>	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

# Howard-Suamico School District Green Bay, Wisconsin

## SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS SINGLE-EMPLOYER DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN LAST 10 MEASUREMENT PERIODS \*

	2018	2017	2016	2015
Total OPEB liability				
Service cost	\$ 14,266	\$ 122,012	\$ 110,726	\$ 572,507
Interest	98,577	120,227	175,259	586,112
Changes of benefit terms	-	-	-	(7,703,610)
Differences between expected and actual experience	-	(163,480)	-	318,279
Changes of assumptions	(18,712)	(300,662)	99,795	1,612,952
Benefit payments	(795,379)	(1,035,216)	(1,079,647)	(1,197,106)
Net change in total OPEB liability	(701,248)	(1,257,119)	(693,867)	(5,810,866)
Total OPEB liability - beginning	3,207,035	4,464,154	5,158,021	10,968,887
Total OPEB liability - ending (a)	<u>\$ 2,505,787</u>	<u>\$ 3,207,035</u>	<u>\$ 4,464,154</u>	<u>\$ 5,158,021</u>
Plan fiduciary net position				
Contributions - employer	\$ -	\$ 1,022,354	\$ 322,654	\$ 1,254,633
Net investment income	58,694	32,655	23,375	32,413
Benefit payments	(795,379)	(1,035,216)	(1,079,647)	(1,197,106)
Administrative expenses	-	-	-	-
Net change in plan fiduciary net position	(736,685)	19,793	(733,618)	89,940
Plan fiduciary net position - beginning	7,094,720	7,074,927	7,808,545	7,718,605
Plan fiduciary net position - ending (b)	<u>\$ 6,358,035</u>	<u>\$ 7,094,720</u>	<u>\$ 7,074,927</u>	<u>\$ 7,808,545</u>
District's net OPEB liability (asset) - ending (a) - (b)	<u>\$ (3,852,248)</u>	<u>\$ (3,887,685)</u>	<u>\$ (2,610,773)</u>	<u>\$ (2,650,524)</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	253.73%	221.22%	158.48%	151.39%
Covered-employee payroll	\$ 29,539,477	\$ 29,539,477	\$ 23,888,648	\$ 23,888,648
District's net OPEB asset as a percentage of covered-employee payroll	-13.04%	-13.16%	-10.93%	-11.10%
Annual money-weighted rate of return, net of investment expenses	0.87%	0.46%	0.31%	0.42%

\* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

# Howard-Suamico School District Green Bay, Wisconsin

## SCHEDULE OF EMPLOYER CONTRIBUTIONS SINGLE-EMPLOYER DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN LAST 10 MEASUREMENT PERIODS \*

	2018	2017	2016	2015
Actuarially determined contribution (ADC)	\$ -	\$ -	\$ -	\$ 1,254,633
Contributions in relation to the ADC	-	1,022,354	322,654	1,254,633
Contribution deficiency (excess)	\$ -	\$ (1,022,354)	\$ (322,654)	\$ -
Covered-employee payroll		\$ 29,539,477	\$ 23,888,648	\$ 23,888,648
Contributions as a percentage of covered-employee payroll	N/A	3.46%	1.35%	5.25%

### Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal- Level % of Salary			
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Amortization method	30 year Level Dollar	30 year Level Dollar	7 year Level Dollar	6 year Level Dollar
Discount rate	3.75%	3.50%	3.75%	5.50%
Inflation	3.00%	3.00%	3.00%	3.00%

\* The amounts presented for each fiscal year were determined as of the current fiscal year end.  
Amounts for prior years were not available.

See notes to required supplementary information.

# Howard-Suamico School District Green Bay, Wisconsin

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY WISCONSIN RETIREMENT SYSTEM LAST 10 MEASUREMENT PERIODS

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.20476274%	\$ (5,029,533)	\$ 28,478,506	17.66%	102.74%
12/31/15	0.20541240%	3,337,912	29,308,088	11.39%	98.20%
12/31/16	0.20599452%	1,697,887	30,082,582	5.64%	99.12%
12/31/17	0.20649617%	(6,131,116)	30,469,405	20.12%	102.93%
12/31/18	0.20599361%	7,328,606	31,484,601	23.28%	96.45%

## SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 1,991,585	\$ 1,991,585	\$ -	\$ 28,874,385	6.90%
6/30/16	1,985,105	1,985,105	-	29,638,048	6.70%
6/30/17	2,052,810	2,052,810	-	30,627,849	6.70%
6/30/18	2,042,585	2,042,585	-	30,265,690	6.75%
6/30/19	2,198,556	2,198,556	-	33,199,275	6.62%

See notes to required supplementary information.

# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 MEASUREMENT PERIODS \*

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered-Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.48916100%	\$ 1,471,680	\$ 30,469,405	4.83%	44.81%
12/31/18	0.48950100%	1,263,078	31,484,601	4.01%	48.69%

### SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
6/30/18	9,289	\$ 9,289	\$ -	\$ 30,265,690	0.03%
6/30/19	9,431	9,431	-	33,199,275	0.03%

See notes to required supplementary information.

# Howard-Suamico School District Green Bay, Wisconsin

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS SUPPLEMENTAL PENSION PLANS LAST 10 MEASUREMENT PERIODS \*

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ -	\$ 287,034	\$ 260,388	\$ 411,178	\$ 411,178
Interest	120,520	238,788	298,350	505,424	490,891
Changes of benefit terms	-	136,681	-	(2,473,463)	-
Differences between expected and actual experience	-	(1,066,461)	-	98,045	-
Changes of assumptions	(2,740,892)	(318,807)	237,168	993,076	-
Benefit payments	(963,729)	(900,019)	(711,237)	(673,509)	(602,175)
Net change in total pension liability	(3,584,101)	(1,622,784)	84,669	(1,139,249)	299,894
Total pension liability - beginning	6,643,326	8,266,110	8,181,441	9,320,690	9,020,796
Total pension liability - ending (a)	<u>\$ 3,059,225</u>	<u>\$ 6,643,326</u>	<u>\$ 8,266,110</u>	<u>\$ 8,181,441</u>	<u>\$ 9,320,690</u>
Plan fiduciary net position					
Contributions - employer	\$ -	\$ 2,282,576	\$ 2,075,206	\$ 986,666	\$ 1,233,721
Net investment income	45,710	38,240	20,882	28,095	27,507
Benefit payments	(5,144,145)	(900,019)	(711,237)	(673,509)	(602,175)
Administrative expenses	-	-	-	-	-
Net change in plan fiduciary net position	(5,098,435)	1,420,797	1,384,851	341,252	659,053
Plan fiduciary net position - beginning	9,705,698	8,284,901	6,900,050	6,558,798	5,899,745
Plan fiduciary net position - ending (b)	<u>\$ 4,607,263</u>	<u>\$ 9,705,698</u>	<u>\$ 8,284,901</u>	<u>\$ 6,900,050</u>	<u>\$ 6,558,798</u>
District's net pension liability (asset) - ending (a) - (b)	<u>\$ (1,548,038)</u>	<u>\$ (3,062,372)</u>	<u>\$ (18,791)</u>	<u>\$ 1,281,391</u>	<u>\$ 2,761,892</u>
Plan fiduciary net position as a percentage of the total pension liability	150.60%	140.76%	127.71%	129.03%	70.37%
Covered-employee payroll	-	-	\$ 23,888,647	\$ 23,888,648	\$ 18,947,310
District's net pension liability as a percentage of covered-employee payroll	N/A	N/A	-5.81%	-6.50%	14.58%
Annual money-weighted rate of return, net of investment expenses	0.64%	0.43%	0.28%	0.42%	0.44%

\* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

# Howard-Suamico School District Green Bay, Wisconsin

## SCHEDULE OF EMPLOYER CONTRIBUTIONS SUPPLEMENTAL PENSION PLANS LAST 10 MEASUREMENT PERIODS \*

	2018	2017	2016	2015	2014
Actuarially determined contribution (ADC)	\$ -	\$ -	\$ -	\$ 986,666	\$ 1,233,721
Contributions in relation to the ADC	-	-	186,086	986,666	1,233,721
Contribution deficiency (excess)	\$ -	\$ -	\$ (186,086)	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ 23,888,649	\$ 23,888,648	\$ 18,947,310
Contributions as a percentage of covered-employee payroll	N/A	N/A	0.78%	4.13%	6.51%

### Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal- Level % of Salary	Unit Credit- Level % of Salary			
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization method	14 year Level dollar	14 year Level dollar	7 year Level dollar	6 year Level dollar	7 year Level dollar
Discount rate	3.75%	3.50%	3.75%	5.50%	5.50%
Inflation	3.00%	3.00%	3.00%	3.00%	4.00%

\* The amounts presented for each fiscal year were determined as of the current fiscal year end.  
Amounts for prior years were not available.

See notes to required supplementary information.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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#### A. PENSION RETIREMENT PLANS

The District maintains the following two pension plans:

▶ **SINGLE-EMPLOYER SUPPLEMENTAL PENSION STIPEND PLAN**

There were no changes of benefit terms or assumptions for this plan during the current fiscal year.

▶ **WISCONSIN RETIREMENT SYSTEM**

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

#### B. OTHER POSTEMPLOYMENT BENEFITS

The District maintains the following two OPEB plans:

▶ **SINGLE-EMPLOYER DEFINED POSTEMPLOYMENT BENEFIT PLAN**

There were no changes of benefit terms or assumptions for this plan during the current fiscal year.

▶ **LOCAL RETIREE LIFE INSURANCE FUND (LRLF)**

There were no changes of benefit terms or assumptions for any participating employer in the LRLF.

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

#### C. BUDGETS AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

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

- ▶ Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- ▶ The Board of Education 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 Board of Education may make alterations to the proposed budget.
- ▶ Once the Board of Education (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 Board of Education.
- ▶ Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
  
- ▶ Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- ▶ The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2019.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### JUNE 30, 2019

#### Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP General Fund basis is summarized below:

	<u>General</u>	<u>Special Education</u>
Revenues		
Actual amounts (budgetary basis)	\$ 67,673,739	\$ 2,720,599
Reclassification of special education program	<u>2,720,599</u>	<u>(2,720,599)</u>
Total revenues	<u>70,394,338</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	60,875,609	8,497,290
Reclassification of special education program	<u>8,497,290</u>	<u>(8,497,290)</u>
Total expenditures	<u>69,372,899</u>	<u>-</u>
Excess of revenues over (under) expenditures		
Actual amounts (budgetary basis)	6,798,130	(5,776,691)
Reclassification of special education program	<u>(5,776,691)</u>	<u>5,776,691</u>
Excess of revenues over (under) expenditures	<u>1,021,439</u>	<u>-</u>
Other financing sources (uses)		
Actual amounts (budgetary basis)	(5,370,153)	5,776,691
Reclassification of special education program	<u>5,776,691</u>	<u>(5,776,691)</u>
Total other financing sources (uses)	<u>406,538</u>	<u>-</u>
Net change in fund balance		
Actual amounts (budgetary basis)	<u>1,427,977</u>	<u>-</u>
Fund balance - July 1		
Actual amounts (budgetary basis)	<u>27,396,909</u>	<u>-</u>
Fund balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 28,824,886</u>	<u>\$ -</u>

# Howard-Suamico School District Green Bay, Wisconsin

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

	Special Revenue		
	Trust	TEACH	Other Special Projects
<b>ASSETS</b>			
Cash and investments	\$ 765,216	\$ -	\$ -
Receivables			
Due from other funds	-	-	-
Due from other governments	-	-	213
Inventories and prepaid items	-	56,542	-
Total assets	<u>\$ 765,216</u>	<u>\$ 56,542</u>	<u>\$ 213</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 18,017	\$ -	\$ -
Accrued and other current liabilities	-	-	-
Due to other funds	-	738	213
Total liabilities	<u>18,017</u>	<u>738</u>	<u>213</u>
Fund balances			
Nonspendable	-	56,542	-
Restricted	-	-	-
Committed	747,199	-	-
Assigned	-	-	-
Unassigned	-	(738)	-
Total fund balances	<u>747,199</u>	<u>55,804</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 765,216</u>	<u>\$ 56,542</u>	<u>\$ 213</u>

Community Services			Debt Service	Capital Projects	Total Nonmajor Governmental Funds
District	The Giving Tree	Summer Athletics	Non-Referendum Debt Service	Long-term Capital Improvement	
\$ 159,844	\$ 189,435	\$ 5,075	\$ -	\$ 538,253	\$ 1,657,823
-	-	-	-	1,000,000	1,000,000
-	-	-	57,453	-	57,666
-	-	-	-	-	56,542
<u>\$ 159,844</u>	<u>\$ 189,435</u>	<u>\$ 5,075</u>	<u>\$ 57,453</u>	<u>\$ 1,538,253</u>	<u>\$ 2,772,031</u>
\$ 408	\$ 8,195	\$ -	\$ -	\$ -	\$ 26,620
4,390	-	-	-	-	4,390
-	-	-	29,565	-	30,516
<u>4,798</u>	<u>8,195</u>	<u>-</u>	<u>29,565</u>	<u>-</u>	<u>61,526</u>
-	-	-	-	-	56,542
-	-	-	27,888	1,538,253	1,566,141
-	-	-	-	-	747,199
155,046	181,240	5,075	-	-	341,361
-	-	-	-	-	(738)
<u>155,046</u>	<u>181,240</u>	<u>5,075</u>	<u>27,888</u>	<u>1,538,253</u>	<u>2,710,505</u>
<u>\$ 159,844</u>	<u>\$ 189,435</u>	<u>\$ 5,075</u>	<u>\$ 57,453</u>	<u>\$ 1,538,253</u>	<u>\$ 2,772,031</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue		
	Trust	TEACH	Other Special Projects
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Other local sources	623,623	-	-
Federal sources	-	-	14,561
Other sources	-	-	-
Total revenues	<u>623,623</u>	<u>-</u>	<u>14,561</u>
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	244,304	-	-
Vocational instruction	2,408	-	-
Other instruction	292,733	-	-
Total instruction	<u>539,445</u>	<u>-</u>	<u>-</u>
Support services			
Pupil services	-	-	14,561
Instructional staff services	25	39,458	-
General administration services	10,569	-	-
School administration services	7,866	-	-
Business services	161,681	-	-
Operations and maintenance of plant	7,400	-	-
Pupil transportation services	6,724	-	-
Other support services	-	-	-
Total support services	<u>194,265</u>	<u>39,458</u>	<u>14,561</u>
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Community service	-	-	-
Total expenditures	<u>733,710</u>	<u>39,458</u>	<u>14,561</u>
Excess of revenues over (under) expenditures	<u>(110,087)</u>	<u>(39,458)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(110,087)</u>	<u>(39,458)</u>	<u>-</u>
<b>Fund balances - July 1</b>	<u>857,286</u>	<u>95,262</u>	<u>-</u>
<b>Fund balances - June 30</b>	<u>\$ 747,199</u>	<u>\$ 55,804</u>	<u>\$ -</u>

Community Services			Debt Service	Capital Projects	Total Nonmajor Governmental Funds
District	The Giving Tree	Summer Athletics	Non-Referendum Debt Service	Long-term Capital Improvement	
\$ 356,781	\$ -	\$ -	\$ 307,594	\$ -	\$ 664,375
126,311	97,453	-	1	24,680	872,068
-	-	-	-	-	14,561
-	-	-	58,365	-	58,365
483,092	97,453	-	365,960	24,680	1,609,369
-	-	-	-	-	244,304
-	-	-	-	-	2,408
-	-	-	-	-	292,733
-	-	-	-	-	539,445
-	-	-	-	-	14,561
-	-	-	-	-	39,483
15,508	-	-	-	-	26,077
-	-	-	-	-	7,866
-	-	-	-	-	161,681
-	-	-	-	-	7,400
-	13,509	-	-	-	20,233
175,129	-	-	-	-	175,129
190,637	13,509	-	-	-	452,430
-	-	-	300,000	-	300,000
-	-	-	122,500	-	122,500
-	-	-	422,500	-	422,500
341,674	53,191	505	-	-	395,370
532,311	66,700	505	422,500	-	1,809,745
(49,219)	30,753	(505)	(56,540)	24,680	(200,376)
(49,219)	30,753	(505)	(56,540)	24,680	(200,376)
204,265	150,487	5,580	84,428	1,513,573	2,910,881
<u>\$ 155,046</u>	<u>\$ 181,240</u>	<u>\$ 5,075</u>	<u>\$ 27,888</u>	<u>\$ 1,538,253</u>	<u>\$ 2,710,505</u>

# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES PUPIL ACTIVITY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
<b>ASSETS</b>				
Cash	\$ 253,776	\$ 1,072,536	\$ 1,055,696	\$ 270,616
<b>LIABILITIES</b>				
Accounts payable	\$ 10,848	\$ 14,892	\$ 10,849	\$ 14,891
Due to student organizations				
Forest Glen Elementary School	3,776	9,017	9,046	3,747
Bay Harbor Elementary School	878	15,527	16,405	-
Howard Elementary School	2,828	14,724	14,361	3,191
Meadowbrook Elementary School	6,247	19,481	16,641	9,087
Suamico Elementary School	5,353	9,125	8,486	5,992
Lineville Intermediate School	8,553	42,085	41,741	8,897
Bay View Middle School	11,510	69,145	56,526	24,129
Bay Port High School	203,783	878,540	881,641	200,682
Total liabilities	\$ 253,776	\$ 1,072,536	\$ 1,055,696	\$ 270,616



## Independent auditors' 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  
Howard-Suamico School District  
Green Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard-Suamico School District, Green Bay, Wisconsin (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2019.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness and a deficiency in internal control that we consider a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a significant deficiency.

### COMPLIANCE AND OTHER MATTERS

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

**PURPOSE OF THIS REPORT**

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Green Bay, Wisconsin  
November 29, 2019



## Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the Board of Education  
Howard-Suamico School District  
Green Bay, Wisconsin

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM**

We have audited Howard-Suamico School District, Green Bay, Wisconsin's (the "District's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **MANAGEMENT'S RESPONSIBILITY**

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

### **AUDITORS' RESPONSIBILITY**

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

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

## OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

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

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. However, as described below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness and a deficiency in internal control that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-004 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin  
November 29, 2019

# Howard-Suamico School District Green Bay, Wisconsin

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/18	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/19	Total Expenditures	Subrecipient Payments
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	WI DPI	2018-052604-SB-546	\$ (9,867)	\$ 9,867	\$ -	\$ -	\$ -
School Breakfast Program	10.553	WI DPI	2019-052604-SB-546	-	87,111	18,836	105,947	-
National School Lunch Program	10.555	WI DPI	2018-052604-NSL-547	(14,561)	14,561	-	-	-
National School Lunch Program	10.555	WI DPI	2019-052604-NSL-547	-	479,827	83,015	562,842	-
Donated Commodities 18-19	10.555	WI DPI	2019-052604-NSL-547	-	162,906	-	162,906	-
Total National School Lunch Program				<u>(14,561)</u>	<u>657,294</u>	<u>83,015</u>	<u>725,748</u>	<u>-</u>
Summer Food Service Program for Children	10.559	WI DPI	2019-052604-SFSP-586	-	-	17,154	17,154	-
Total Child Nutrition Cluster				<u>(24,428)</u>	<u>754,272</u>	<u>119,005</u>	<u>848,849</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>(24,428)</u>	<u>754,272</u>	<u>119,005</u>	<u>848,849</u>	<u>-</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2018-052604-Title I- 141	(370,464)	370,464	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2019-052604-TIA-141	-	282,603	17,379	299,982	-
Total Title I Grants to Local Educational Agencies				<u>(370,464)</u>	<u>653,067</u>	<u>17,379</u>	<u>299,982</u>	<u>-</u>
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	WI DPI	2018-052604-IDEA-341	(458,206)	458,206	-	-	-
Special Education Grants to States	84.027	WI DPI	2019-052604-IDEA-FT-341	-	813,353	74,536	887,889	-
Special Education Preschool Grants	84.173	WI DPI	2018-052604-Pre-S-347	(15,464)	15,464	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2019-052604-IDEA-PS-347	-	29,830	4,631	34,461	-
Total Special Education Cluster (IDEA)				<u>(473,670)</u>	<u>1,316,853</u>	<u>79,167</u>	<u>922,350</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	84.048	CESA	FY2018-052289-NTO-420	(21,732)	21,732	-	-	-
Career and Technical Education - Basic Grants to States	84.048	CESA	2019-052289-NTO-420	-	12,786	10,960	23,746	-
Indian Education Act	84.060	Direct Program	Not available	-	14,348	212	14,560	-
English Language Acquisition State Grants	84.365	WI DPI	2018-052604-Title III A-391	(17,587)	17,587	-	-	-
English Language Acquisition State Grants	84.365	WI DPI	2019-052604-TIIIA-391	-	19,583	-	19,583	-
Improving Teacher Quality State Grants	84.367	WI DPI	2018-052604-Title II-365	(85,826)	85,826	-	-	-
Improving Teacher Quality State Grants	84.367	WI DPI	2019-052604-TIIIA-365	-	80,891	1,697	82,588	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2018-052604-Title-IV A-381	(6,241)	6,241	-	-	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2019-052604-TIVA-381	-	22,152	63	22,215	-
Emergency Impact Aid	84.938	WI DPI	2019-052604-Emergency Impact Aid-374	(33,289)	33,289	-	-	-
Total U.S. Department of Education				<u>(1,008,809)</u>	<u>2,284,355</u>	<u>109,478</u>	<u>1,385,024</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS		(17,829)	216,360	27,893	226,424	-
Total U.S. Department of Health and Human Services				<u>(17,829)</u>	<u>216,360</u>	<u>27,893</u>	<u>226,424</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>				<u>\$ (1,051,066)</u>	<u>\$ 3,254,987</u>	<u>\$ 256,376</u>	<u>\$ 2,460,297</u>	<u>\$ -</u>
Reconciliation to the basic financial statements:								
Governmental Funds								
Federal sources							\$	1,587,702
Intermediate sources								23,746
Business-type Funds								
Federal sources								848,849
Total expenditures of federal awards							\$	<u>2,460,297</u>

The notes to the schedules of expenditures of federal and state awards are an integral part of this schedule.

# Howard-Suamico School District Green Bay, Wisconsin

## SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/18	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/19	Total Expenditures	Subrecipient Payments
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Special Education and School Age Parents	255.101	Direct Program	052604-100	\$ -	\$ 1,548,307	\$ -	\$ 1,548,307	\$ -
State School Lunch Aid	255.102	Direct Program	052604-107	-	24,141	-	24,141	-
Common School Fund Library Aid	255.103	Direct Program	052604-104	-	221,344	-	221,344	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	052604-111	-	5,309	-	5,309	-
General Transportation Aid	255.107	Direct Program	052604-102	-	144,999	-	144,999	-
WI Elderly Nutrition Improvement	255.108	Direct Program	052604-108	-	45	-	45	-
Equalization Aids	255.201	Direct Program	052604-116	(577,691)	32,740,789	563,652	32,726,750	-
Personal Electronic Computing Device	225.296	Direct Program	052604-175	-	55,875	-	55,875	-
State School Breakfast Aid SSBA	255.344	Direct Program	052604-108	-	6,881	-	6,881	-
Educator Effective Evaluation System	255.940	Direct Program	052604-154	-	70,880	-	70,880	-
Per Pupil Aid	255.945	Direct Program	052604-113	-	3,614,003	-	3,614,003	-
Career and Technical Education Incentive Grants	255.950	Direct Program	052604-171	-	41,000	-	41,000	-
Robotics League Participation Grants	255.959	Direct Program	052604-168	-	2,734	-	2,734	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	052604-168	-	26,000	-	26,000	-
Total Wisconsin Department of Public Instruction				(577,691)	38,502,307	563,652	38,488,268	-
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>								
School Safety	455.206	Direct Program	2018-SSI-01-14071	-	26,704	30,075	56,779	-
School Safety	455.206	Direct Program	2018-SSI-01-13431	-	179,532	9,849	189,381	-
Total Wisconsin Department of Justice				-	206,236	39,924	246,160	-
<b>TOTAL STATE PROGRAMS</b>				<u>\$ (577,691)</u>	<u>\$ 38,708,543</u>	<u>\$ 603,576</u>	<u>\$ 38,734,428</u>	<u>\$ -</u>
Reconciliation to the basic financial statements:								
Governmental Funds							\$ 38,955,557	
State sources								
Intermediate sources								
Business-type Funds							31,067	
State sources								
Less: State sources not considered state financial assistance							(88,225)	
State tax computer aid							(43,853)	
Payment in lieu of taxes and other revenues							(120,118)	
Personal property aid								
Total expenditures of state awards							<u>\$ 38,734,428</u>	

The notes to the schedules of expenditures of federal and state awards are an integral part of this schedule.

# Howard-Suamico School District

## Green Bay, Wisconsin

### NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

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#### **NOTE 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards for the Howard-Suamico School District are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

#### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2019 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of modified total costs.

#### **NOTE 3: SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

The 2018 - 2019 eligible costs under the State Special Education Program as reported by the District are \$6,881,601. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

#### **NOTE 4: OVERSIGHT AGENCIES**

The federal and state oversight agencies for the District are as follows:

Federal - U.S. Department of Education  
State - Wisconsin Department of Public Instruction

#### **NOTE 5: PASS THROUGH ENTITIES**

Federal and state awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services  
WI DPI - Wisconsin Department of Public Instruction

# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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#### SECTION I: SUMMARY OF AUDITORS' RESULTS

##### BASIC FINANCIAL STATEMENTS

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

##### FEDERAL AND STATE AWARDS

Internal control over major programs:	
▶ Material weakness(es) identified?	Yes
▶ Significant deficiency(ies) identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	Yes
Identification of major federal programs:	

CFDA Number	Name of Federal Program
	<i>Child Nutrition Cluster</i>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

Identification of major state programs:

State ID Number	Name of State Program
255.107	General Transportation Aids
255.201	Equalization Aids

##### Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$750,000
State Awards	\$250,000

Auditee qualified as low-risk auditee	Yes
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# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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#### SECTION II: FINANCIAL STATEMENT FINDINGS

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<p><b>Preparation of Annual Financial Report</b> Repeat of Finding 2018-001</p>
Type of Finding:	Significant deficiency in internal control over financial reporting.
Condition:	Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.
Context:	The District has made the decision due to cost and other considerations to outsource the preparation of the annual financial statements including footnote disclosures.
Cause:	District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.
View of responsible officials:	There is no disagreement with the audit finding.

# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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#### SECTION II: FINANCIAL STATEMENT FINDINGS (CONTINUED)

<u>FINDING NO.</u>	<u>CONTROL DEFICIENCIES</u>
2019-002	<b>Adjustments to the District's Financial Records</b>
Type of Finding:	Material weakness in internal control over financial reporting.
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the District's financial statements.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Context:	While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures.
Cause:	While District staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting and closing entries required additional expertise that would entail additional training and staff time to develop. The District also had turnover within the business office that contributed to the material adjustments.
Effect:	Year-end financial records prepared by the District prior to audit procedures may contain material misstatements. We recommend the District designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.
Recommendation:	We recommend management and the District Board continue to monitor the transactions and the financial records of the District. We recommend the District perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.
Views of responsible officials:	There is no disagreement with the audit finding.

# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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#### SECTION III: FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING NO.	CONTROL DEFICIENCIES
2019-003	<p><b>Financial Reporting for Federal and State Awards</b> Repeat of Finding 2018-002 <i>Federal CFDA - All</i> <i>State IDs - All</i></p>
Type of Finding:	Significant deficiency in internal control of federal and state awards
Condition:	The Uniform Guidance and the <i>State Single Audit Guidelines</i> require the District to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. While the current staff of the District maintain financial records supporting amounts reported in the schedules of federal and state awards, the District contracts with CLA to compile the data from these records and assist in the preparation of the single audit report for the District.
Context:	The audit firm has developed reporting templates as a convenience to our client.
Criteria:	Having staff with expertise in federal and state financial reporting prepare the District's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal and state awards, or accompanying notes to the schedule.
Cause:	The additional costs associated with hiring staff sufficiently experienced to prepare the District's single audit report, including the additional training time, outweigh the derived benefits.
Effect:	The District could receive federal or state grant awards which are not included in the accompanying schedules of expenditures of federal and state awards.
Recommendation:	We recommend management and the District Board continue to monitor the transactions and the financial records of the District. We recommend the District perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.
Questioned Costs:	None
Views of responsible officials:	There is no disagreement with the audit finding.

# Howard-Suamico School District

## Green Bay, Wisconsin

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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FINDING NO.	CONTROL DEFICIENCIES
2019-004	<p><b>General Transportation Aids</b> <i>State ID - 255.107</i></p>
Type of Finding:	Material weakness in internal controls over state awards
Condition:	As part of our audit, we performed testing of controls over pupil transportation. The Wisconsin DPI Pupil Transportation Aid audit program requires a test of compliance regarding daily documentation of each student utilizing transportation. The district relies on the contracted bus company to maintain daily logs of each student being transported. We found that ridership logs were not maintained by the district or the contracted bus service.
Criteria:	The requirements for state transportation aid are detailed in Section 121.58 of the Wisconsin Statutes. These requirements contain provisions that require school districts to count pupils who were actually transported once during the school year with home to school distance using the most accurate route. In addition, all students who attend 1-90 or over 90 days should be properly classified.
Context:	While performing audit procedures, the district and does not have sufficient controls over monitoring pupil ridership.
Cause:	The Transportation Manager works with the bus company to determine the distance and routes for enrolled students. The bus company relies on parents to notify them when they receive bussing information as to whether or not their children will be utilizing transportation services. If the student does not intend to use the service, they are marked as no ride. The bus company will again contact the parents to confirm that they do not require bus service. No other logs are maintained.
Effect:	The District received state pupil transportation aid despite the lack of ridership logs.
Questioned Costs:	Not determined.
Recommendation:	We recommend the District regularly audit this process to ensure that the bus company is maintaining daily ridership logs, or designate district employees to take over this responsibility.
Views of responsible officials:	There is no disagreement with the audit finding.

# Howard-Suamico School District Green Bay, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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### SECTION IV: OTHER ISSUES

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No
  
2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:  
    Department of Health Services No  
    Department of Public Instruction Yes
  
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner



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Paul Denis, CPA

November 29, 2019

5. Date of report