

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

AUDITED FINANCIAL STATEMENTS

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Evansville Community School District
Evansville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Evansville Community School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Evansville Community School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Evansville Community School 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, budgetary comparison information, schedule of proportionate share of net pension liability (asset), schedule of contributions, schedule of changes in net OPEB liability and related ratios, and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Evansville Community School District's basic financial statements. The combining general fund financial statements, the combining nonmajor fund financial statements, and the agency fund schedule of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2019 on our consideration of the Evansville Community School District's internal control over financial

reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 Evansville Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Evansville Community School District's internal control over financial reporting and compliance.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
November 7, 2019

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

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

FINANCIAL HIGHLIGHTS

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

- Total net position of the District increased to \$20,493,318 at June 30, 2019. The majority is attributable to the GASB regulations on reporting pension liabilities, outflows and inflows.
- Total governmental activity revenues increased to \$27,085,243 in fiscal year 2019, up from \$25,936,103 in fiscal year 2018, an increase of approximately 4.4%.
- Total business-type activity revenues of \$770,907 increased in fiscal year 2019, up from \$668,307 in fiscal year 2018, an increase of approximately 15.35%.

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

- Total fund balances of the District's governmental funds increased \$33,583,564 in fiscal year 2019. This increase included a \$123,450 increase in the general fund, a \$31,877 decrease in the debt service fund, a \$33,457,791 increase in the capital projects fund, and a \$34,200 increase in the nonmajor governmental funds. Increase in the District's general fund balance is the result of an increase in revenues and a decrease in non-capital expenditures during the 2018-2019 fiscal year.
- The fund balance for all governmental funds at June 30, 2019 was \$36,953,690. Of this amount, \$171,790 was nonspendable; \$198,172 was restricted for debt service; \$217,888 was donor restricted; \$33,664,313 was restricted for capital projects; and \$2,701,527 remains unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-Wide Financial Statements

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

The statement of net position presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

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

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 activity). The governmental activities of the District include the general operations, special education, debt service, and capital project. The District reports nutrition services as a business-type activity.

Fund Financial Statements

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 23-45 of this report.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Other Information

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

DISTRICT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

The District ended its fiscal year with net position of \$20,302,863 of which \$17,869,872 was net investment in capital assets, \$180,123 was restricted for debt service, \$217,888 was donor restricted, and \$2,034,980 was unrestricted. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

For governmental activities, capital assets decreased due to current year depreciation exceeding current year capital additions. Noncurrent liabilities decreased due to normal scheduled debt payment.

For the business-type activity, capital assets decreased due to current year depreciation exceeding current year capital additions.

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

	Governmental Activities		Business-Type Activity		Total		% Change
	2019	2018	2019	2018	2019	2018	
ASSETS							
Current and other assets	\$ 43,455	\$ 9,805	\$ 266	\$ 183	\$ 43,721	\$ 9,988	337.74%
Capital assets	23,066	21,973	9	11	23,076	21,984	4.97%
Total assets	66,521	31,778	275	194	66,797	31,972	108.92%
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows	7,071	6,633	-	-	7,071	6,633	
LIABILITIES							
Long-term liabilities	42,917	10,059	-	-	42,917	10,059	326.65%
Other liabilities	6,520	4,245	85	64	6,605	4,309	53.28%
Total liabilities	49,437	14,304	85	64	49,522	14,368	244.67%
DEFERRED OUTFLOWS OF RESOURCES							
Deferred inflows	3,853	7,062	-	-	3,853	7,062	
NET POSITION							
Net investment in capital assets	17,870	14,459	9	11	17,880	14,470	23.57%
Restricted	398	2,163	181	119	579	2,282	-74.63%
Unrestricted	2,035	423	-	-	2,035	423	381.09%
Total net position	\$ 20,303	\$ 17,045	\$ 190	\$ 130	\$ 20,494	\$ 17,175	19.32%

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

DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

Changes in Net Position

Governmental Activities

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2019 with an increase in net position of \$3,257,780, compared to an increase of \$2,945,859 in fiscal year 2018.

The district received \$27,085,243 in revenue for the fiscal year 2019. The District relies primarily on property taxes (31.7% of total governmental revenues), and state equalization aid (49.7%) to fund governmental activities. The District received approximately 16.7 % in the form of specific use state grants, federal aid and direct fees for services.

Individuals who directly participated or benefited from a program paid 2.9% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services.

Federal and state governments subsidized certain programs with grants and awards of \$3,814,633. Operating grants include Title I, IDEA, and State Special Education Aid.

Business-Type Activity

Individuals who directly benefited from services paid 62.6% of the cost. Fees charged to students and adults for meals are included as charges for services. Federal and state governments subsidized certain programs with grants of \$288,441. Operating grants include State and National School Lunch Programs.

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

	<u>Governmental Activities</u>		<u>Business-Type Activity</u>		<u>Total</u>		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
REVENUES							
Program revenues							
Charges for services	\$ 779	\$ 625	\$ 482	\$ 427	\$ 1,261	\$ 1,052	19.87%
Operating grants	3,731	3,014	288	241	4,019	3,255	23.47%
General revenues							
Property taxes	8,589	8,410	-	-	8,589	8,410	2.13%
General aid	13,469	13,538	-	-	13,469	13,538	-0.51%
Other	517	350	-	-	517	350	47.71%
Total revenues	27,085	25,937	770	668	27,855	26,605	4.70%
EXPENSES							
Instruction	12,967	13,032	-	-	12,967	13,032	-0.50%
Pupil and instructional	2,011	1,633	-	-	2,011	1,633	23.15%
Administration and business	5,588	5,627	-	-	5,588	5,627	-0.69%
Interest on debt	38	140	-	-	38	140	-72.86%
Other	3,223	2,559	710	656	3,933	3,215	22.33%
Total expenses	23,827	22,991	710	656	24,537	23,647	3.76%
Change in net position	\$ 3,258	\$ 2,946	\$ 60	\$ 12	\$ 3,318	\$ 2,958	12.17%

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

DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

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

The cost of all governmental activities this year was \$23,827,463. Individuals who directly participated or benefited from a program offering paid for \$778,689 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,731,043. The net cost of governmental activities, \$19,317,731, was financed by \$8,588,830 of property taxes and \$13,552,692 of federal and state unrestricted aid.

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

	Total Cost of Services	Net Cost of Services
EXPENSES		
Instruction	\$ 12,967	\$ (9,757)
Pupil and instructional services	2,011	(747)
Administration and business	5,588	(5,553)
Interest on debt	38	(38)
Other	3,223	(3,223)
Total expenses	\$ 23,827	\$ (19,318)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$36,953,690, up from last year's ending fund balance of \$3,370,126. The District's unassigned fund balance, available for spending at the district's discretion was \$2,701,527.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the District-wide financial statements, but in more detail. The District completed the year with net position of \$190,455, up from last year's ending restricted net position of \$129,629. Other factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activity.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the June 30, 2019, the District had \$42,696,885 in capital assets for its governmental and business-type activity, including land, construction in progress, buildings, furniture and equipment. Total accumulated depreciation on these assets was \$19,622,014. Asset acquisitions for governmental activities totaled \$930,963. The District recognized depreciation expense of \$1,074,507. Detailed information about capital assets can be found in Note 5 to the financial statements.

Table 5
Capital Assets
(in thousands of dollars)

	Governmental Activities		Business-Type Activity		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 192	\$ 192	\$ -	\$ -	\$ 192	\$ 192
Construction in progress	1,227	-	-	-	1,227	-
Buildings	37,434	36,945	-	-	37,434	36,945
Furniture and equipment	3,599	4,124	245	260	3,844	4,384
Accumulated depreciation	(19,386)	(19,288)	(236)	(250)	(19,622)	(19,538)
Net capital assets	<u>\$ 23,066</u>	<u>\$ 21,973</u>	<u>\$ 9</u>	<u>\$ 10</u>	<u>\$ 23,075</u>	<u>\$ 21,983</u>

Long-Term Debt

At June 30, 2019, the District had \$37,670,000 in general obligation debt outstanding—an increase of \$30,665,000 from fiscal year 2018. Debt of the District is secured by a tax levy adopted by the school board at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. Detailed information about the District's long-term obligations is presented in Note 7 to the financial statements.

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

	2019	2018
General obligation debt	\$ 37,670	\$ 10,030
Capital leases	-	99
Compensated absences	249	198
Total	<u>\$ 37,919</u>	<u>\$ 10,327</u>

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

GENERAL FUND BUDGETARY HIGHLIGHTS

While the District's original budget for the general fund anticipated that revenues and other financing sources would exceed expenditures and other financing uses by \$59,290, the actual results for the year ended June 30, 2019, had revenues and other financing sources in excess of expenditures and other financing uses by \$123,450.

FACTORS BEARING ON THE DISTRICT'S FUTURE

During the 2018-2019 fiscal year, the District continued to create transparency and communication with the Board of Education, community and staff on the District's Financial status. The district was able improve the financial strength by paying off debt, increasing the District Capital Improvement Fund and offering dual insurance plans to all employee groups.

In 2014 the District passed an operational referendum that increased the District's revenue limit for five years. These monies were used to support curriculum, facilities and technology. The 2018-2019 fiscal year is the last year that this referendum will impact the District's revenue limit.

The District was able to pay off non-referendum debt during the 2018-2019 fiscal year. Being able to pay off this debt early saved the district interest expense along with the ability to budget these monies into the 2019-2020 operational budget. The District also increased the fund balance in the capital improvement fund by transferring \$600K to prioritize facility capital improvements.

In November 2018 the community passed a five year non-recurring \$6M operational referendum and a \$34M capital improvement referendum. This operational referendum will provide the District with the means to continue to improve our curricular education, hire and retain qualified staff with comparable salary schedules and improve our student and staff technology. The \$34M capital improvement referendum will build and remodel the McKenna Middle School, provide secure entrances, replace windows, exterior doors and address heating and cooling issues at the Grove Campus; increase our educational space at the High School Technical Education Department and start our roof replacement at the High School.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Jamie Merath, Business Manager at (608) 882-3383 or merathj@evansville.k12.wi.us.

Additional information about the District and its services can also be found on the District's website at www.ecsdnet.org.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-Type Activity	Total
ASSETS			
Cash and investments	\$ 40,552,781	\$ 241,552	\$ 40,794,333
Accounts receivable	2,284,227	11,851	2,296,078
Due from other governments	447,003	13,177	460,180
Prepaid expenses	171,790	-	171,790
Capital assets not being depreciated	1,418,779	-	1,418,779
Capital assets being depreciated, net	21,647,106	8,986	21,656,092
Total assets	66,521,686	275,566	66,797,252
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	6,809,960	-	6,809,960
Related to other postemployment benefits	261,444	-	261,444
Total deferred outflows of resources	7,071,404	-	7,071,404
LIABILITIES			
Short-term notes payable	2,500,000	-	2,500,000
Accounts payable and other current liabilities	2,247,673	69,674	2,317,347
Accrued interest	18,049	-	18,049
Unearned revenues	1,754,438	15,437	1,769,875
Long-term debt			
Due within one year	1,815,000	-	1,815,000
Due in more than one year	41,102,166	-	41,102,166
Total liabilities	49,437,326	85,111	49,522,437
DEFERRED INFLOWS OF RESOURCES			
Related to WRS pension	3,664,024	-	3,664,024
Related to other postemployment benefits	24,782	-	24,782
Unamortized gain on refinancing	164,095	-	164,095
Total deferred inflows of resources	3,852,901	-	3,852,901
NET POSITION			
Net investment in capital assets	17,869,872	8,986	17,878,858
Restricted	398,011	181,469	579,480
Unrestricted	2,034,980	-	2,034,980
Total net position	\$ 20,302,863	\$ 190,455	\$ 20,493,318

See accompanying notes.

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

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activity	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
Instruction						
Regular instruction	\$ 8,388,992	\$ 778,689	\$ 949,593	\$ (6,660,710)	\$ -	\$ (6,660,710)
Vocational instruction	749,625	-	-	(749,625)	-	(749,625)
Physical instruction	663,578	-	-	(663,578)	-	(663,578)
Special education instruction	2,606,519	-	1,482,624	(1,123,895)	-	(1,123,895)
Other instruction	558,745	-	-	(558,745)	-	(558,745)
Total instruction	12,967,459	778,689	2,432,217	(9,756,553)	-	(9,756,553)
Support services						
Pupil services	983,753	-	1,194,858	211,105	-	211,105
Instructional staff services	1,026,834	-	68,915	(957,919)	-	(957,919)
General administrative services	532,126	-	-	(532,126)	-	(532,126)
Building administrative services	361,167	-	-	(361,167)	-	(361,167)
Business administrative services	4,694,698	-	35,053	(4,659,645)	-	(4,659,645)
Central services	116,415	-	-	(116,415)	-	(116,415)
Insurance and judgments	155,413	-	-	(155,413)	-	(155,413)
Other support services	2,951,417	-	-	(2,951,417)	-	(2,951,417)
Interest on debt	38,181	-	-	(38,181)	-	(38,181)
Total support services	10,860,004	-	1,298,826	(9,561,178)	-	(9,561,178)
Total governmental activities	23,827,463	778,689	3,731,043	(19,317,731)	-	(19,317,731)
BUSINESS-TYPE ACTIVITIES:						
School nutrition service	710,081	482,466	288,441	-	60,826	60,826
Total school district	\$ 24,537,544	\$ 1,261,155	\$ 4,019,484	(19,317,731)	60,826	(19,256,905)
GENERAL REVENUES:						
TAXES:						
Property taxes, levied for general purposes				5,345,702	-	5,345,702
Property taxes, levied for debt service				3,243,128	-	3,243,128
FEDERAL AND STATE AID NOT RESTRICTED						
General (equalization aid)				13,469,102	-	13,469,102
Other				83,590	-	83,590
Interest and investment earnings				197,868	-	197,868
Gain on disposal of assets				15,976	-	15,976
Miscellaneous				220,145	-	220,145
Change in net position				3,257,780	60,826	3,318,606
Net position at beginning of year				17,045,083	129,629	17,174,712
Net position at end of year				\$ 20,302,863	\$ 190,455	\$ 20,493,318

See accompanying notes.

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 4,447,325	\$ 1,949,475	\$ 33,935,495	\$ 220,486	\$ 40,552,781
Accounts receivable	2,279,377	-	-	4,850	2,284,227
Due from other governments	447,003	-	-	-	447,003
Prepaid expenditures	161,771	-	10,019	-	171,790
Total assets	<u>\$ 7,335,476</u>	<u>\$ 1,949,475</u>	<u>\$ 33,945,514</u>	<u>\$ 225,336</u>	<u>\$ 43,455,801</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Short-term notes payable	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 2,500,000
Accounts payable	518,838	-	271,182	7,448	797,468
Accrued salaries and wages	1,252,746	-	-	-	1,252,746
Payroll taxes and withholdings	177,171	-	-	-	177,171
Medical claims payable	20,288	-	-	-	20,288
Unearned revenues	3,135	1,751,303	-	-	1,754,438
Total liabilities	4,472,178	1,751,303	271,182	7,448	6,502,111
FUND BALANCES					
Nonspendable	161,771	-	10,019	-	171,790
Restricted	-	198,172	33,664,313	217,888	34,080,373
Unassigned	2,701,527	-	-	-	2,701,527
Total fund balances	<u>2,863,298</u>	<u>198,172</u>	<u>33,674,332</u>	<u>217,888</u>	<u>36,953,690</u>
Total liabilities and fund balances	<u>\$ 7,335,476</u>	<u>\$ 1,949,475</u>	<u>\$ 33,945,514</u>	<u>\$ 225,336</u>	<u>\$ 43,455,801</u>

See accompanying notes.

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

Total fund balances - governmental funds		\$ 36,953,690
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:		
Cost of capital assets	42,451,555	
Accumulated depreciation	<u>(19,385,670)</u>	
Net capital assets		23,065,885
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. those liabilities at year-end consist of;		
Bonds, notes payable, and capital leases	(37,670,000)	
Accrued interest payable	(18,049)	
Compensated absences	(248,594)	
Net pension liability	(2,647,342)	
Deferred outflows related to pension	6,809,960	
Deferred inflows related to pension	(3,664,024)	
Deferred outflows related to other postemployment benefits	261,444	
Deferred inflows related to other postemployment benefits	(24,782)	
Other postemployment benefits	(2,216,217)	
Unamortized gain on refinancing	(164,095)	
Unamortized debt premium	<u>(135,013)</u>	
Total long-term debt liabilities		<u>(39,716,712)</u>
Total net position - governmental activities		<u>\$ 20,302,863</u>

See accompanying notes.

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,360,063	\$ 3,243,128	\$ -	\$ -	\$ 8,603,191
Local	131,092	37,511	84,696	314,049	567,348
Interdistrict payments	730,856	-	-	-	730,856
Intermediate sources	2,193	-	-	-	2,193
State	16,276,381	-	-	-	16,276,381
Federal	669,153	-	-	-	669,153
Other sources	236,121	-	-	-	236,121
Total revenues	23,405,859	3,280,639	84,696	314,049	27,085,243
EXPENDITURES					
Instruction					
Regular instruction	8,348,658	-	-	66,731	8,415,389
Vocational instruction	745,919	-	-	3,706	749,625
Physical instruction	663,189	-	-	389	663,578
Special education instruction	2,606,519	-	-	-	2,606,519
Other instruction	459,673	-	-	97,177	556,850
Total instruction	12,823,958	-	-	168,003	12,991,961
Support services					
Pupil services	980,853	-	-	2,900	983,753
Instructional staff services	998,099	-	-	12,405	1,010,504
General administrative services	500,085	-	-	1,054	501,139
Building administrative services	293,998	-	-	67,169	361,167
Business administrative services	3,688,929	-	-	28,318	3,717,247
Central services	70,286	-	-	-	70,286
Insurance and judgments	155,413	-	-	-	155,413
Other support services	738,927	-	-	-	738,927
Total support services	7,426,590	-	-	111,846	7,538,436
Non program services	1,195,842	-	-	-	1,195,842
Capital outlay	933,761	-	1,226,905	-	2,160,666
Debt service					
Principal	25,377	3,345,526	-	-	3,370,903
Interest and fees	54,418	189,453	-	-	243,871
Total expenditures	22,459,946	3,534,979	1,226,905	279,849	27,501,679
Excess (deficiency) of revenues over (under) expenditures	945,913	(254,340)	(1,142,209)	34,200	(416,436)
Other financing sources					
Long term debt issued	-	-	34,000,000	-	34,000,000
Transfers in (out)	(822,463)	222,463	600,000	-	-
Total other financing sources	(822,463)	222,463	34,600,000	-	34,000,000
Net change in fund balances	123,450	(31,877)	33,457,791	34,200	33,583,564
Fund balances at beginning of year	2,739,848	230,049	216,541	183,688	3,370,126
Fund balances at end of year	\$ 2,863,298	\$ 198,172	\$ 33,674,332	\$ 217,888	\$ 36,953,690

See accompanying notes.

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

Net change in fund balances—total governmental funds		\$ 33,583,564
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlay reported in governmental fund statements	2,160,666	
Depreciation expense reported in the statement of activities	<u>(1,072,792)</u>	
		1,087,874
Bond, note and capital lease proceeds are reported as financing sources in governmental funds and contribute to the change in fund balance. In the statement of net position issuing debt increases long-term liabilities and does not affect the statement of activities.		
		(34,000,000)
Repayment of long-term debt principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Bonds and notes	3,335,000	
Capital leases	<u>59,130</u>	
		3,394,130
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in accrued interest payable	31,983	
Amortization of gain on refinancing	82,040	
Amortization of debt premium	68,440	
Net decrease in other postemployment benefits	62,237	
Net increase in pension liability	(1,078,885)	
Net decrease in compensated absences	<u>26,397</u>	
		<u>(807,788)</u>
Change in net position of governmental activities		<u><u>\$ 3,257,780</u></u>

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION—PROPRIETARY FUNDS
June 30, 2019

	School Nutrition Services
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 241,552
Accounts receivable	11,851
Due from other governments	13,177
Total current assets	266,580
NONCURRENT ASSETS	
Furniture and equipment	245,330
Accumulated depreciation	(236,344)
Total noncurrent assets	8,986
Total assets	275,566
LIABILITIES	
Accounts payable	67,545
Accrued salaries and wages	1,033
Payroll taxes and withholdings	1,096
Unearned revenues	15,437
Total liabilities	85,111
NET POSITION	
Net investment in capital assets	8,986
Restricted	181,469
Total net position	\$ 190,455

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION—PROPRIETARY FUNDS
Year Ended June 30, 2019

	School Nutrition Services
REVENUES	
Food sales	\$ 482,466
State sources	9,320
Federal sources	279,121
Total operating revenues	770,907
OPERATING EXPENSES	
Salaries and wages	187,533
Benefits	20,670
Supplies and materials	500,163
Depreciation	1,715
Total operating expenses	710,081
Change in net position	60,826
Net position at beginning of year	129,629
Net position at end of year	\$ 190,455

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
Year Ended June 30, 2019

	School Nutrition Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 459,316
Received from government payments	268,670
Payments to and on behalf of employees	(206,861)
Payments to suppliers for goods and services	(406,279)
Net cash provided by operating activities	114,846
Cash at beginning of year	126,706
Cash at end of year	\$ 241,552
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net position	\$ 60,826
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	1,715
Change in assets and liabilities:	
Accounts receivable	(6,926)
Due from other governments	23,012
Inventories	15,764
Accounts payable	35,337
Accrued salaries and wages	441
Payroll taxes and withholdings	901
Unearned revenues	(16,224)
Net cash provided by operating activities	\$ 114,846

See accompanying notes.

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

	<u>Private Purpose Trust</u>	<u>Agency</u>
ASSETS		
Cash and investments	<u>\$ 13,556</u>	<u>\$ 41,203</u>
LIABILITIES		
Due to student organizations	<u>-</u>	<u>\$ 41,203</u>
NET POSITION		
Restricted	<u>\$ 13,556</u>	

See accompanying notes.

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

	<u>Private Purpose Trust</u>
ADDITIONS	
Contributions	\$ 15,466
DEDUCTIONS	
Scholarships	<u>6,850</u>
Change in net position	8,616
Net position at beginning of year	<u>4,940</u>
Net position at end of year	<u><u>\$ 13,556</u></u>

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Basis of Presentation

District-Wide Financial Statements

The statement of net position and statement of activities present financial information about the District as a whole. They include all funds of the District except for fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies on fees and charges for support.

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

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Fund

Capital projects funds are used to account for the activities of the District's various construction projects (other than those financed by proprietary funds)

The District reports the following major proprietary fund

School Nutrition Services Fund

The School Nutrition Services fund is used to account for the District's food service, generally the school breakfast and lunch programs.

The District reports the following nonmajor governmental fund:

Special Revenue Funds

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the District reports the following fund types:

Private-Purpose Trust Fund

Private-purpose trust funds are used to account for resources legally held in trust for student scholarships.

Agency Fund

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 the proprietary fund's principle ongoing operation. The principle operating revenue is charges to students for meals. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Investments

The District's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investments balances for individual funds are pooled unless maintained in segregated accounts.

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

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds.

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

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

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the district-wide and the fund financial statements.

Capital Assets

Capital assets are reported at historical cost or estimated historical cost. The District capitalizes all assets over \$5,000. Donated assets are recorded at the estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Site improvements	20
Buildings	45
Equipment	5-20
Computer and related technology	5

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences and Other Employee Benefit Amounts

District employees are granted vacation and sick leave benefits in varying amounts in accordance with district policies. In the event of retirement, death or resignation of an employee, the District is obligated to pay for all unused sick leave up to a maximum vested amount of 110 days or contribute to a non-elective tax shelter annuity through the Wisconsin Educators Association, depending on the class of employee and years of service. All vacation pay and sick pay is accrued when incurred in the district-wide financial statements.

Pensions

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

Other Postemployment Benefits Other Than Pensions (OPEB)

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

In the district-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Claims and Judgments

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

Net Position

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

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

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

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

Fund Balance

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

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

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Use of Restricted Resources

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

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described on page 25.

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

Use of Estimates

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

NOTE 2—CASH AND INVESTMENTS

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

	Fair Value	Carrying Value	Risk
Cash on hand	\$ 537	\$ 537	
Deposits with financial institutions	41,011,957	40,848,555	Custodial credit
	<u>\$ 41,012,494</u>	<u>\$ 40,849,092</u>	

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2—CASH AND INVESTMENTS (continued)

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

Statement of net position	
Governmental activities	\$ 40,552,781
Business-type activities	241,552
Statement of fiduciary net position	
Private purpose trust	13,556
Agency fund	<u>41,203</u>
	<u>\$ 40,849,092</u>

Custodial Credit Risk

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, 2019, \$7,637,830 of the District's deposits with financial institutions were uninsured and uncollateralized. The District does not have a custodial risk policy for deposits.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 3—UNEARNED REVENUE

At the end of the current fiscal year, the components of unearned revenue reported in the governmental funds and the proprietary fund were as follows:

	<u>Unearned</u>
Government activities	\$ 3,135
Debt service	1,751,303
Student meal deposits	15,437
Total unearned revenue	<u>\$ 1,769,875</u>

NOTE 4—INTERFUND ADVANCES AND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts, the general fund, as debt service payments come due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no interfund receivables and payables at year end.

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

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

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>
Special education	General fund	\$ 2,096,324
Capital projects	General fund	600,000
Debt service	General fund	222,463
		<u>\$ 2,918,787</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5—CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 1,226,905	\$ -	\$ 1,226,905
Land	191,874	-	-	191,874
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets not being depreciated	191,874	1,226,905	-	1,418,779
Capital assets being depreciated				
Building	36,934,244	499,610	-	37,433,854
Equipment	4,137,355	431,353	969,786	3,598,922
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets being depreciated	41,071,599	930,963	969,786	41,032,776
Less accumulated depreciation	<u>19,282,664</u>	<u>1,072,792</u>	<u>969,786</u>	<u>19,385,670</u>
Total capital assets being depreciated-net	<u>21,788,935</u>	<u>(141,829)</u>	<u>-</u>	<u>21,647,106</u>
Governmental activity capital assets-net	<u>\$ 21,980,809</u>	<u>\$ 1,085,076</u>	<u>\$ -</u>	<u>\$ 23,065,885</u>
Business-type activity				
Capital assets being depreciated				
Equipment	\$ 259,680	\$ -	\$ 14,350	\$ 245,330
Less accumulated depreciation	<u>248,979</u>	<u>1,715</u>	<u>14,350</u>	<u>236,344</u>
Business-type activity capital assets-net	<u>\$ 10,701</u>	<u>\$ (1,715)</u>	<u>\$ -</u>	<u>\$ 8,986</u>

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

Other instruction	\$ 1,895
Central services	46,129
General administrative services	30,987
Instructional staff services	16,330
Business administrative services	977,451
	<u> </u>
Total depreciation of governmental activities:	<u>\$ 1,072,792</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6—SHORT TERM DEBT ACTIVITY

The District issued a tax anticipation note in advance of property tax collections. The note matures on October 17, 2019, with an interest rate of 2.1%. Interest for the year ended June 30, 2019, was \$53,438. Short-term debt activity for the year ended June 30, 2019, was as follows:

	Balance 6/30/2018	Additions	Payments	Balance 6/30/2019
Tax anticipation note	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000

NOTE 7—LONG-TERM OBLIGATIONS

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

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
Bonds Payable:					
General obligation bonds	\$ 7,005,000	\$ 34,000,000	\$ 3,335,000	\$ 37,670,000	\$ 1,815,000
Deferred amounts					
Unamortized bond premium	203,453	-	68,440	135,013	-
Total bonds payable:	7,208,453	34,000,000	3,403,440	37,805,013	1,815,000
Other Liabilities					
Capital leases	59,130	-	59,130	-	-
Accrued compensated absences	274,991	-	26,397	248,594	-
Net pension liability	-	2,647,342	-	2,647,342	-
Net other postemployment liability benefits - health insurance	2,516,094	-	299,877	2,216,217	-
Total long-term liabilities	\$ 10,058,668	\$ 36,647,342	\$ 3,788,844	\$ 42,917,166	\$ 1,815,000

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the Debt service fund. Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2019, was \$237,039 and \$210,569, respectively.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS (continued)

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

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 6/30/2019
G.O. refunding bonds	2/9/2016	2.00%	10/1/2021	22,570,000	\$ 3,670,000
G.O. refunding bonds	4/1/2019	3.125-5.00%	4/1/2039	34,000,000	<u>34,000,000</u>
					<u>\$ 37,670,000</u>

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$792,102,322. Wisconsin State Statute 67.03 limits total general obligation indebtedness of the District to ten percent of the equalized value of taxable property.

Debt limit (10% of \$792,102,322)	\$ 79,210,232
Less: long-term debt applicable to debt margin:	<u>37,670,000</u>
Margin of indebtedness:	<u>\$ 41,540,232</u>

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

Year Ended June 30	G.O. Debt Principal	G.O. Debt Interest	Total
2020	\$ 1,815,000	\$ 1,399,282	\$ 3,214,282
2021	3,035,000	1,366,676	4,401,676
2022	1,225,000	1,270,576	2,495,576
2023	1,290,000	1,209,326	2,499,326
2024	1,355,000	1,144,826	2,499,826
2025-2029	7,885,000	4,635,130	12,520,130
2030-2034	9,695,000	2,809,980	12,504,980
2035-2039	<u>11,370,000</u>	<u>1,174,958</u>	<u>12,544,958</u>
	<u>\$ 37,670,000</u>	<u>\$ 15,010,754</u>	<u>\$ 52,680,754</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7—LONG-TERM OBLIGATIONS (continued)

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for the future debt service payments on the old bonds. Accordingly the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

NOTE 8—EMPLOYEE'S RETIREMENT SYSTEM

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

The core and variable annuity adjustments granted during the recent years are as follows:

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

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. During the reporting period, the WRS recognized \$752,501 contributions from the employer which equaled required contributions.

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

Employee Category	Employee	Employer
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%

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

At June 30, 2019, the District reported a liability of \$2,647,342 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 0.074412% which was a decrease of 0.000838% from its proportion measured as of December 31, 2017. For the year ended June 30, 2019, the District recognized pension expense of \$1,078,885.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 2,061,878	\$ 3,644,659
Net differences between projected and actual earnings on pension plan investments	3,866,263	-
Changes in assumptions	446,244	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,360	19,365
Employer contributions subsequent to the measurement date	380,215	-
Total	\$ 6,809,960	\$ 3,664,024

\$380,215 reported as deferred outflows related to pension resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 1,017,952
2021	260,499
2022	427,988
2023	1,059,282
	\$ 2,765,721

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

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

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

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

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equities	49%	8.1%	5.5%
Fixed income	24.5	4.0	1.5
Inflation sensitive assets	15.5	3.8	1.3
Real estate	9	6.5	3.9
Private equity/debt	8	9.4	6.7
Multi-asset	4	6.7	4.1
Total core fund	110%	7.3%	4.7
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30	8.5	5.9
Total variable fund	100%	8.0%	5.4%

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (continued)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension asset calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension 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:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
The District’s proportionate share of net pension liability	\$ 10,520,817	\$ 2,647,342	\$ (3,207,196)

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

Plan administration. The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree benefit plan that provides postemployment health and life insurance benefits to eligible employees and their spouses. There are 165 active and 26 retired members in the plan as of June 30, 2018. Benefits and eligibility are established and amended by the governing body.

Funding Policy. The District does not have invested plan assets accumulated for payment of future benefits. The District’s policy is to fund other post-employment benefits on a pay-as-you-go basis.

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

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

Inflation	2.50%
Investment rate of return	3.75% based upon all years of projected payments discounted at a municipal bond rate of 3.75%
Healthcare cost trend rates	7.50% decreasing by 0.50% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter.

The actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan’s

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)

fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The long-term expected rate of return on OPEB plan investments. Since the District currently holds assets in fixed income funds or as cash equivalents, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount rate. The discount rate of 3.75% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 3.75%). This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date. 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

	Total OPEB Liability (a)
Balances at 6/30/2018	\$ 2,516,094
Changes for the year:	
Service Cost	119,825
Interest	81,860
Changes of assumptions or other input	(27,260)
Benefit payments	(474,302)
Net changes	(299,877)
Balances at 6/30/2019	\$ 2,216,217

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

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Net OPEB liability	\$ 2,325,675	\$ 2,216,217	\$ 2,108,205

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Net OPEB liability	\$ 2,197,666	\$ 2,216,217	\$ 2,237,239

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 \$199,207. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 24,782
Employer contributions subsequent to the measurement date	261,444	-
Total	\$ 261,444	\$ 24,782

\$261,444 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 OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ 2,478
2021	2,478
2022	2,478
2023	2,478
2024	2,478
Thereafter	12,392
	\$ 24,782

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 10—GOVERNMENTAL ACTIVITIES NET POSITION

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

Governmental Activities	
Net investment in capital assets	\$ 17,869,872
Restricted	
Donor restrictions	217,888
Debt service	<u>180,123</u>
Total restricted	398,011
Unrestricted	<u>2,034,980</u>
Total governmental activities net position	<u><u>\$ 20,302,863</u></u>

NOTE 11—GOVERNMENTAL FUND BALANCES

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

Nonspendable	
General fund	
Prepaid expenditures	\$ 161,771
Capital projects fund	
Prepaid expenditures	<u>10,019</u>
Total Nonspendable	171,790
Restricted	
Capital projects	33,664,313
Donor restrictions	217,888
Debt service	<u>198,172</u>
Total restricted	34,080,373
Unassigned	<u>2,701,527</u>
Total governmental fund balance	<u><u>\$ 36,953,690</u></u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 12—LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

NOTE 13—RISK MANAGEMENT

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

NOTE 14—COMMITMENTS AND CONTINGENCIES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 5,344,370	\$ 5,465,005	\$ 5,360,063	\$ (104,942)
Local	-	-	131,092	131,092
Interdistrict payments	598,065	759,848	730,856	(28,992)
Intermediate sources	-	4,193	2,193	(2,000)
State	15,096,401	15,309,208	15,274,167	(35,041)
Federal	130,374	179,343	188,743	9,400
Other sources	149,242	149,242	236,121	86,879
Total revenues	21,318,452	21,866,839	21,923,235	56,396
EXPENDITURES				
Instruction	10,580,257	10,594,302	10,327,471	266,831
Support services	7,269,955	7,492,844	7,381,171	111,673
Non program services	1,120,600	1,059,882	1,092,561	(32,679)
Debt service	-	-	79,795	(79,795)
Total expenditures	18,970,812	19,147,028	18,880,998	266,030
Excess of revenues over expenditures	2,347,640	2,719,811	3,042,237	322,426
Other financing sources (uses)				
Transfers in (out)	(2,288,350)	(2,288,350)	(2,918,787)	(630,437)
Net change in fund balances	59,290	431,461	123,450	(308,011)
Fund balances at beginning of year	2,739,848	2,739,848	2,739,848	-
Fund balances at end of year	\$ 2,799,138	\$ 3,171,309	\$ 2,863,298	\$ (308,011)

EVANSVILLE COMMUNITY SCHOOL DISTRICT
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS
AND GAAP REVENUES AND EXPENDITURES
Year Ended June 30, 2019

SOURCES/ INFLOWS OF RESOURCES:

Actual General Fund Operating revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 21,923,235
Reclassification: Special Education Fund revenues are included in the General Fund, required for GAAP reporting	<u>1,482,624</u>
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	<u>\$ 23,405,859</u>

USES/ OUTFLOWS OF RESOURCES:

Actual general fund expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 18,880,998
Reclassification: Special Education Fund expenditures are included in the General Fund, required for GAAP reporting	<u>3,578,948</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds	<u>\$ 22,459,946</u>

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

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2014	0.078688%	\$ (1,932,789)	\$ 9,985,239	19.36%	102.74%
12/31/2015	0.076431%	1,241,989	10,727,281	11.58%	98.20%
12/31/2016	0.074409%	613,307	11,027,475	5.56%	99.12%
12/31/2017	0.075250%	(2,234,264)	10,993,211	20.32%	102.93%
12/31/2018	0.074412%	2,647,342	11,223,601	23.59%	96.45%

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

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

<u>Fiscal Year Ending</u>	<u>Required Contributions</u>	<u>Contributions in Relation to the Required Contributions</u>	<u>Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions of Covered Payroll</u>
6/30/2015	\$ 700,502	\$ 700,502	\$ -	\$ 10,791,908	6.49%
6/30/2016	729,461	729,461	-	10,931,779	6.67%
6/30/2017	727,821	727,821	-	11,028,473	6.60%
6/30/2018	747,538	747,538	-	9,831,145	7.60%
6/30/2019	752,501	752,501	-	11,262,833	6.68%

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 119,825	\$ 119,825
Interest	81,860	87,704
Changes in assumptions or other input	(27,260)	-
Benefit payments	<u>(474,302)</u>	<u>(274,677)</u>
Net Change in OPEB Liability	(299,877)	(67,148)
Total OPEB liability - beginning	<u>2,516,094</u>	<u>2,583,242</u>
Total OPEB liability - ending (a)	<u><u>\$ 2,216,217</u></u>	<u><u>\$ 2,516,094</u></u>
Covered payroll	10,565,856	10,565,856
Net OPEB liability as a percentage of covered payroll	20.98%	23.81%

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

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

NOTE 1—BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1 of the financial statements. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over. The general fund non program services function had an excess of actual expenditures over appropriations for the year ended June 30, 2019 totaling \$32,679.

NOTE 2—EMPLOYEE'S RETIREMENT CONTRIBUTIONS

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

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

NOTE 3—OPEB SCHEDULE OF CONTRIBUTIONS

Changes of Benefit Terms. There were no changes of benefit terms.

Changes of Assumptions. The discount rate was changed to be reflective of a 20-year AA municipal bond rate (3.75%) as of the measurement date. All other assumptions and methods remained unchanged from the valuation performed as of June 30, 2017.

NOTE 4—NET OPEB LIABILITY AND RELATED RATIOS ASSUMPTIONS

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

Actuarial Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Reporting Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal
Medical Care Trend:	7.50% decreasing by 0.50% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter.
Discount Rate:	3.75% based upon all years of projected payments discounted at a municipal bond rate of 3.75%.
Actuarial Assumptions:	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14.
Mortality Assumptions:	Wisconsin 2012 Mortality Table

OTHER SUPPLEMENTARY INFORMATION

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

	General Operating Fund	Special Education Fund	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 4,285,937	\$ 161,388	\$ 4,447,325
Accounts receivable	2,279,377	-	2,279,377
Due from other governments	358,680	88,323	447,003
Prepaid expenses	161,771	-	161,771
Total assets	\$ 7,085,765	\$ 249,711	\$ 7,335,476
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Short-term notes payable	\$ 2,500,000	\$ -	\$ 2,500,000
Accounts payable	518,838	-	518,838
Accrued salaries and wages	1,036,475	216,271	1,252,746
Payroll taxes and withholdings	143,767	33,404	177,171
Medical claims payable	20,252	36	20,288
Unearned revenues	3,135	-	3,135
Total liabilities	4,222,467	249,711	4,472,178
FUND BALANCES			
Nonspendable	161,771	-	161,771
Unassigned	2,701,527	-	2,701,527
Total fund balances	2,863,298	-	2,863,298
Total liabilities and fund balances	\$ 7,085,765	\$ 249,711	\$ 7,335,476

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

	General Operating Fund	Special Education Fund	Total General Fund
REVENUES			
Taxes	\$ 5,360,063	\$ -	\$ 5,360,063
Local	131,092	-	131,092
Interdistrict payments	730,856	-	730,856
Intermediate sources	2,193	-	2,193
State	15,274,167	1,002,214	16,276,381
Federal	188,743	480,410	669,153
Other sources	236,121	-	236,121
Total revenues	21,923,235	1,482,624	23,405,859
EXPENDITURES			
Instruction			
Regular instruction	8,348,658	-	8,348,658
Vocational instruction	745,919	-	745,919
Physical instruction	663,189	-	663,189
Special education instruction	-	2,606,519	2,606,519
Other instruction	459,673	-	459,673
Total instruction	10,217,439	2,606,519	12,823,958
Support services			
Pupil services	465,075	515,778	980,853
Instructional staff services	775,774	222,325	998,099
General administrative services	500,085	-	500,085
Building administrative services	293,998	-	293,998
Business administrative services	3,557,884	131,045	3,688,929
Central services	70,286	-	70,286
Insurance and judgments	155,413	-	155,413
Other support services	738,927	-	738,927
Total support services	6,557,442	869,148	7,426,590
Non program services	1,092,561	103,281	1,195,842
Capital Outlay	933,761	-	933,761
Debt service			
Principal	25,377	-	25,377
Interest and fees	54,418	-	54,418
Total expenditures	18,880,998	3,578,948	22,459,946
Excess (deficiency) of revenues over (under) expenditures	3,042,237	(2,096,324)	945,913
Other financing sources (uses)			
Transfers in (out)	(2,918,787)	2,096,324	(822,463)
Net change in fund balances	123,450	-	123,450
Fund balances at beginning of year	2,739,848	-	2,739,848
Fund balances at end of year	\$ 2,863,298	\$ -	\$ 2,863,298

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

	<u>Special Revenue</u>
ASSETS	
Cash and cash equivalents	\$ 220,486
Accounts receivable	<u>4,850</u>
Total assets	<u><u>\$ 225,336</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 7,448
FUND BALANCES	
Restricted	<u>217,888</u>
Total liabilities and fund balances	<u><u>\$ 225,336</u></u>

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

	Special Revenue
REVENUES	
Local	\$ 314,049
EXPENDITURES	
Instruction	
Regular instruction	66,731
Vocational instruction	3,706
Physical instruction	389
Other instruction	97,177
Total instruction	168,003
Support services	
Pupil services	2,900
Instructional staff services	12,405
General administrative services	1,054
Building administrative services	67,169
Business administrative services	28,318
Total support services	111,846
Total expenditures	279,849
Net change in fund balances	34,200
Fund balances at beginning of year	183,688
Fund balances at end of year	\$ 217,888

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

	Balance 7/1/2018	Additions	Deductions	Balance 6/30/2019
ASSETS				
Cash and investments	\$ 32,326	\$ 83,827	\$ 74,950	\$ 41,203
LIABILITIES				
Due to student organizations	\$ 32,326	\$ 83,827	\$ 74,950	\$ 41,203

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

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

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Passed Through to Subrecipients	Accrued or (Deferred) Revenue at 7/1/18	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/19
Department of Agriculture							
Pass-through programs from Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
School Breakfast Program	10.553	2019-531694-SB-546	\$ -	\$ -	\$ 50,755	\$ 54,434	\$ 3,679
National School Lunch Program	10.555	2019-531694-NSL-547	-	32,335	198,573	175,735	9,497
National School Lunch Program - Food Commodities	10.555	2019-531694-NSL-547	-	-	42,783	42,783	-
Summer Food Service Program for Children	10.559	2019-531694-SFSP-586	-	3,854	10,022	6,168	-
Total Department of Agriculture			-	36,189	302,133	279,120	13,176
Department of Education							
Special Education Cluster							
Special Education Grants to States	84.027	2019-531694-IDEA-FT-341	-	237,521	531,790	351,884	57,615
Special Education Preschool Grants	84.173	2019-531694-IDEA-PS-347	-	10,040	21,690	13,018	1,368
Total Special Education Cluster			-	247,561	553,480	364,902	58,983
Pass-through programs from Wisconsin Department of Public Instruction							
Title I Grants to Local Educational Agencies							
	84.010	2019-531694-TIA-141	-	79,566	184,303	124,641	19,904
Supporting Effective Instruction State Grants	84.367	2019-531694-TIIA-365	-	46,138	75,358	30,180	960
Student Support and Academic Enrichment Program	84.424	2019-531694-TIVA-381	-	4,752	4,752	15,212	15,212
Pass-through CESA 2							
English Language Acquisition State Grants	84.365	2019	-	-	2,193	2,193	-
Pass-through programs from Brodhead School District							
Career and Technical Education--Basic Grants to States							
	84.048	2019	-	1,946	6,810	7,173	2,309
Total Department of Education			-	379,963	826,896	544,301	97,368
Department of Health and Human Services							
Pass-through program from Wisconsin Medicaid and Badgercare Programs							
Medical Assistance Program	93.778	44212900	-	23,955	127,606	132,991	29,340
Total Federal Programs			\$ -	\$ 440,107	\$ 1,256,635	\$ 956,412	\$ 139,884

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

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

State Grantor/ Program Title	State Identifying Number	State Identifying Number	Passed Through to Subrecipients	Accrued or (Deferred) Revenue at 7/1/18	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/19
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	255.101	531694-100	\$ -	\$ -	\$ 759,460	\$ 759,460	\$ -
State School Lunch Aid	255.102	531694-107	-	-	6,790	6,790	-
Common School Fund Library Aid	255.103	531694-104	-	-	68,915	68,915	-
General Transportation Aid for Public School Pupils	255.107	531694-102	-	-	35,053	35,053	-
Wisconsin School Day Milk Program	255.115	531694-109	-	-	2,530	2,530	-
Equalization Aids	255.201	531694-116	-	229,381	13,473,807	13,469,102	224,676
Aid for School Mental Health Programs	255.227	531694-176	-	-	3,027	3,027	-
Personal Electronic Computing Device	255.296	531694-175	-	-	19,000	19,000	-
High Cost Special Education Aid	255.210	531694-119	-	-	230,754	230,754	-
Achievement Gap Reduction	255.504	531694-160	-	-	272,086	272,086	-
Per Pupil Aid	255.945	531694-113	-	-	1,194,858	1,194,858	-
Educator Effectiveness Eval Sys Grants Public	255.940	531694-154	-	12,640	23,680	11,040	-
Assessments of Reading Readiness	255.956	531694-166	-	-	3,666	3,666	-
Aid for Special Education Transition Grant BBL	255.960	531694-168	-	-	12,000	12,000	-
Total Wisconsin Department of Public Instruction			-	242,021	16,105,626	16,088,281	224,676
Wisconsin Department of Revenue							
Exempt Computer Aid	835.109	n/a	-	8,556	8,556	8,763	8,763
State Aid - Personal Property Tax	835.103	n/a	-	-	52,719	52,719	-
Total Wisconsin Department of Revenue			-	8,556	61,275	61,482	8,763
Wisconsin Department of Justice							
School Safety Initiative	455.201	2018-SS1-01-531694	-	-	41,591	128,447	86,856
Total State Programs			\$ -	\$ 250,577	\$ 16,208,492	\$ 16,278,210	\$ 320,295

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2019

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the District under programs of the federal government and state agencies for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in position of the District.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3—INDIRECT COST RATE

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

NOTE 4—FOOD DONATION

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

NOTE 5—OVERSIGHT AGENCIES

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

NOTE 6—ELIGIBLE COSTS FOR SPECIAL EDUCATION

Eligible costs for special education under project 011 were \$3,195,708 for the year ended June 30, 2019.

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

Significant Deficiencies

2018-001 Student Activity Fund

Condition: Four of a sample of 35 disbursements tested for student organizations were not approved by an authorized individual for payment.

Recommendation: We recommend that the District office reiterate procedures to ensure all student activity disbursements are approved by the appropriate authorized individual.

Current Status: The District continues to implement procedures to ensure all expenditures are supported by appropriate documentation which has been approved by the appropriate department manager. This finding has been resolved.

2018-002 National School Lunch Program

Condition: The District had one application of a sample of forty applications that was not approved by the District to receive free or reduced meals.

Recommendation: We recommend that the District should review the eligibility requirements for federal programs. This should be reviewed with management that is monitoring the federal grant.

Current Status: The District has implemented procedures to ensure that internal controls and procedures for the federal program ensure no further eligibility issues arise. This finding has been resolved.

2018-003 National School Lunch Program

Condition: The District had two applications of a sample of forty applications that were calculated incorrectly to receive free or reduced meals.

Recommendation: We recommend that the District should review the eligibility requirements for federal programs. This should be reviewed with management that is monitoring the federal grant.

Current Status: The District has implemented procedures to ensure that internal controls and procedures for the federal program ensure no further eligibility issues arise. This finding has been resolved.

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

To the School Board
Evansville Community School District
Evansville, 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 Evansville Community School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Evansville Community School District's basic financial statements, and have issued our report thereon dated November 7, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
November 7, 2019

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

To the School Board
Evansville Community School District
Evansville, Wisconsin

Report on Compliance for Each Major Federal and The Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Evansville Community School District's major federal programs and its major state program 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 *Guidelines*. Those standards, the Uniform Guidance, and the *Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the Evansville Community School 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 of the major federal programs and the major state program. However, our audit does not provide a legal determination of the Evansville Community School District's compliance.

Opinion on Each Major Federal and The Major State Program

In our opinion, the Evansville Community School 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 programs and its major state program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Evansville Community School 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 Evansville Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs and its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major federal programs and its major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *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 Evansville Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
November 7, 2019

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

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555, 10.559 84.027, 84.173	Child Nutrition Cluster Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major state programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

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

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? No

Identification of state major programs:

State Identifying Number	Name of State Program
255.201	General Equalization Aids

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal and State Award Findings and Questioned Costs

No matters were reported.

Section IV—Other Issues

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

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

Department of Public Instruction No

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

Name and signature of partner



Scott R. Haumersen, CPA

Date of report November 7, 2019