

RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2019

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Ripon Area School District
Ripon, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The general and special education funds, nonmajor governmental funds, nonmajor special revenue funds, and agency funds combining schedules, the schedules of charter school authorizer operating costs, and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 general and special education funds, nonmajor special revenue funds, and agency funds combining schedules, schedules of charter school authorizer operating costs, and the schedules 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 December 2, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

December 2, 2019

RIPON AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

The discussion and analysis of Ripon Area School District's financial performance provides an overall review of the financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The District's overall financial status, as reflected in total net position, decreased by \$308,069.
- The General Fund's fund balance increased from \$5.8M to \$6.0M. The fund balance represents 32% of Fund 10 expenditures. The increase in fund balance was due to reductions in spending from unpaid employee leave; four snow days that reduced labor, busing, utility costs, etc.; and increased revenue from interest, a new partnership for RHS rentals, and other revenue sources. The increase to fund balance at year end will help the district maintain a healthy level of funds for next year as operational costs are expected to increase in 2019-20.
- The Employer Benefit Trust Fund (Fund 73) is used to account for resources held in trust, which will be used to pay for benefits contractually owed to retirees of the District. At year-end, \$1,199,744 had been set-aside in this fund. With the establishment of this fund, the District formally addressed the need to fund other post employment benefits due to retirees. Funds will continue to be transferred to this trust annually until the liability is covered.

RIPON AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts - management's discussion and analysis and the basic financial statements (district-wide and fund statements), including notes to the financial statements.

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

District-wide Statements

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

Fund Financial Statements

- The *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* focus on individual parts of the District. Fund financial statements generally report operations in more detail than the district-wide statements.
- The *Notes to Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.
- *Required Supplementary Information* further explains and supports the financial statements.
- *Other Supplementary Information* provides information specific to nonmajor governmental funds and the schedules of expenditures of federal and state awards.

RIPON AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

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

Table #1

		-----Fund Financial Statements-----		
	District-wide Statements	Governmental	Proprietary	Fiduciary
Scope	Entire District (except fiduciary funds).	The activity of the District that is not proprietary or fiduciary, such as instructional, support services, food service, and community services.	Activities the District operates similar to private business. <u>The District does not report any program for this designation.</u>	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here. The private-purpose and employee benefit trust funds are reported here.
Required financial statements	Statement of net position and statement of activities.	Balance sheet, statement of revenues, expenditures and changes in fund balance.	Statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.	Statement of fiduciary net position and statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received or paid.

RIPON AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

Table #2

Condensed Statement of Net Position			
	<u>2019</u>	<u>2018</u>	<u>% Change</u>
<u>Assets</u>			
Current Assets	\$9,816,503	\$8,940,192	10%
Noncurrent Assets	\$ -	\$2,005,240	(100%)
Capital Assets	\$39,023,504	\$40,253,711	(3%)
Total Assets	\$48,840,007	\$51,199,143	(5%)
<u>Deferred Outflows of Resources</u>			
	\$9,852,715	\$5,672,542	74%
<u>Liabilities</u>			
Current Liabilities	\$3,822,130	\$3,411,365	12%
Noncurrent Liabilities	\$27,871,099	\$27,333,359	2%
Total Liabilities	\$31,693,229	\$30,744,724	3%
<u>Deferred Inflows of Resources</u>			
	\$7,359,866	\$6,179,265	19%
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	\$13,287,133	\$13,044,368	2%
Restricted	\$1,081,665	\$838,347	29%
Unrestricted	\$5,270,829	\$6,064,981	(13%)
Total Net Position	\$19,639,627	\$19,947,696	(2%)

Statement of Net Position: (Table #2)

The District's overall financial status, as reflected in total net position, decreased by \$308,069 to \$19.6M or 2% from FY17-18 figures. The District reported total assets of \$48.8M, of which \$39.0M are capital assets. The District reported deferred outflows of \$9.9M at June 30, 2019 relating to the WRS net pension liability, WRS LRLIF benefit, and the District's OPEB liability. The District reported total liabilities of \$31.7M, of which \$27.9M are long-term liabilities. The District reported deferred inflows of resources in the amount of \$7.4M, relating to the WRS net pension liability, WRS LRLIF benefit and the District's OPEB liability.

RIPON AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

Table #3

Changes in Net Position from Operating Results For Governmental Activities					
	<u>2018-19</u>	<u>%</u>	<u>2017-18</u>	<u>%</u>	<u>% Change</u>
Revenues:					
Program:					
Charges for Services	\$1,372,679	5%	\$1,412,686	6%	(3%)
Operating Grants & Cont.	\$2,453,735	11%	\$2,020,540	9%	21%
General:					
Property Taxes	\$6,608,874	28%	\$6,906,934	30%	(4%)
General State Aids	\$12,721,949	55%	\$12,251,093	54%	4%
Other	\$166,971	1%	\$165,795	1%	1%
Total Revenues	<u>\$23,324,208</u>	<u>100 %</u>	<u>\$22,757,048</u>	<u>100%</u>	<u>2%</u>
Expenses:					
Instruction	\$11,424,821	49%	\$11,297,666	48%	1%
Support Services	\$8,095,519	34%	\$8,482,970	35%	(5%)
Nonprogram	\$1,264,444	5%	\$1,273,986	5%	(1%)
Food Service	\$638,455	3%	\$674,419	3%	(5%)
Community Service	\$231,736	1%	\$232,913	1%	(1%)
Interest and Fiscal Charges	\$709,681	3%	\$767,582	3%	(8%)
Unallocated Depreciation	\$1,267,621	5%	\$1,289,200	5%	(2%)
Total Expenses	<u>\$23,632,277</u>	<u>100%</u>	<u>\$24,018,736</u>	<u>100%</u>	<u>(2%)</u>
Change in Net Position	<u>(\$308,069)</u>		<u>(\$1,261,688)</u>		<u>(76%)</u>

RIPON AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

Revenues: (Table #3)

- For FY18-19, the District received \$23.3M in revenue, property taxes amounted to \$6.6M, and general state aids were \$12.7M. For FY18-19, 28% of total revenue came from local school property taxes, and 55% of the total came in the form of general state aids. The District received approximately 16% of all revenue in the form of specific use state aid, federal grants, and direct fees for services.
- Individuals, who directly participated or received benefits from a program offering, contributed \$1.4M of the cost. Book and activity fees, admissions to athletic events, school lunch fees, open enrollment tuition, and building rental fees are included here.
- Federal and state government subsidized certain programs with grants and contributions of \$2.5M. Special education, transportation, and food service aids are included here.

Expenses: (Table #3)

- For FY18-19, the District's total expenditure amount was \$23.6M. For FY18-19, 49% was directed to instruction, 34% to support services, and 5% to nonprogram services. The food service program represents 3%, the community service program represents 1%, and costs for debt service represent 3% of total expenditures.

Table #4

Net Cost of Governmental Activities		
	<u>Total Cost of Services</u> 2019	<u>Net Cost of Services</u> 2019
Instruction	\$11,424,821	\$9,123,803
Support Services	\$8,095,519	\$7,288,148
Nonprogram	\$1,264,444	\$1,257,352
Food Service	\$638,455	(\$17,795)
Community Service	\$231,736	\$177,053
Interest and Fiscal Charges	\$709,681	\$709,681
Unallocated Depreciation	\$1,267,621	\$1,267,621
Totals	\$23,632,277	\$19,805,863

RIPON AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

Net Cost of Governmental Activities: (Table #4)

- Total cost of all governmental activities was \$23.6M.
- The net cost of governmental activities, \$19.8M, was financed by general revenues, which are primarily made up of property taxes, \$6.6M, and general state aids, \$12.7M. Miscellaneous and investment earnings accounted for \$166,971. In addition, District operations were subsidized by \$3.8M, which was collected through direct fees, operating grants, and contributions.

General Fund Budgetary Comparison:

Consistent with current state statutes and regulations, an original budget is adopted in October to reflect the actual revenue cap and state aid certification.

Fund 10 results - actual revenues were \$15,457 less than budgeted, and actual expenditures were \$222,571 less than budgeted.

Fund Balances:

- The District's total fund balance for FY18-19 increased by \$440,136 to \$7.6M.
- The general fund balance increased by \$179,064 to \$6.0M. This represents 32% of expenditures.
- The debt service fund balance decreased by \$5,365 to \$367,867. The debt service fund balance is restricted to make future payments on long-term debt.
- The other governmental fund balances increased by \$266,457 to \$1.3M. It consisted of special revenue trust, long-term capital improvements, food service and community service. The fund balances in these funds support the operations of the funds.

Capital Asset and Debt Administration:

Capital Assets

- At year-end, the District had \$39.0M in capital assets. Further detail can be found in Note 3 in the financial statements.

Long-term Debt

- At year-end, the District had \$29.4M in long-term obligations. Further detail can be found in Note 5 in the financial statements.

General obligation debt of the District is secured by an irrevocable tax levy adopted by the Board of Education at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for use for annual debt service payments. Ripon Area School District complies with the statutory requirements.

RIPON AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

Decisions that will Impact the Future of the District:

- State imposed revenue limits will continue to challenge the budgets of school districts throughout the state, especially those with steady or declining enrollments. As in past years, the revenue limit guidelines set forth by the state create large challenges for schools to balance the budget without impacting educational programs and local school tax levies. Current revenue limit laws allow school districts to make up any reduction in state aid by increasing local property taxes within the total allowed revenue limits. Any further reductions in state general aid could result in increased property taxes under current law. Property tax increases are unpopular with the community and, therefore, distasteful to legislators. Changes in the revenue limit law, possible tax levy limits/freezes, or other related proposals will continue to be reviewed, making future general fund revenues uncertain.
- The District realized a decrease in total student enrollment compared to the prior year of 2017-18 with an enrollment head count total of 1,581 students Pre-K through Grade 12. However, given the current student enrollment trend and the characteristics of the revenue limit law, which has been in place since 1993, the District will be required to plan for shortfalls for the foreseeable future. It should be noted that the District took measures to reduce the projected shortfalls for the 2018-19 and 2019-20 budget years with reductions through staff attrition, department budget decreases, and other changes.
- The largest share of the District's expenditure budget (more than 70% of total operating expenditures) is for salaries and benefits of staff that provide direct instruction and other support services. Given the District's desire to maintain current staffing levels, and the District's goal of improving student achievement, if possible, the District will look toward non-staff expenditure reductions and search for new sources of revenue outside the revenue limits to balance future budgets.
- Projected Cost of Health & Dental Insurance - Although the District has taken positive steps to contain the cost of health and dental insurance benefits changing from the point-of-service plan to an HMO and switching health insurance companies, while providing very reasonable benefits for its employees, the potential threat of rate increases is an important consideration for future budgets.

Contacting the District's Financial Management:

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Jonah Adams, Business Manager, Ripon Area School District, 1120 Metomen Street, Ripon, WI, 54971.

BASIC FINANCIAL STATEMENTS

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

**STATEMENT OF NET POSITION
June 30, 2019**

ASSETS

Current assets:

Cash and investments	\$ 7,197,890
Taxes receivable	1,900,992
Accounts receivable	186,699
Due from other governments	519,970
Prepaid expenses	10,952
Total current assets	<u>9,816,503</u>

Capital assets:

Land, site improvements, buildings, and equipment	55,263,270
Less accumulated depreciation	<u>16,239,766</u>
Net capital assets	<u>39,023,504</u>
Total assets	<u>48,840,007</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to WRS pension	9,683,332
Deferred outflows related to WRS LRLIF	99,359
Deferred outflows related to OPEB	70,024
Total deferred outflows of resources	<u>9,852,715</u>

LIABILITIES

Current liabilities:

Current portion of bonds and notes payable	1,460,000
Current portion of capital leases	6,371
Current portion of unused vested employee benefits	53,059
Accounts payable	599,116
Accrued salaries and wages	726,863
Accrued payroll taxes and withholdings	828,692
Food service deposits	19,257
Accrued interest payable	128,772
Total current liabilities	<u>3,822,130</u>

Long-term liabilities:

Bonds and notes payable	24,270,000
Net pension liability - WRS	2,354,052
Net other post employment benefits liability	109,307
Net OPEB liability - LRLIF	779,388
Unused vested employee benefits	358,352
Total long-term liabilities	<u>27,871,099</u>
Total liabilities	<u>31,693,229</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to WRS pension	6,809,424
Deferred inflows related to WRS LRLIF	213,306
Deferred inflows related to OPEB	337,136
Total deferred inflows of resources	<u>7,359,866</u>

NET POSITION

Invested in capital assets, net of related debt	13,287,133
Restricted	1,081,665
Unrestricted	5,270,829
Total net position	<u>\$ 19,639,627</u>

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction:				
Undifferentiated curriculum	\$ 4,202,997	\$ 524,694	\$ 61,670	\$ (3,616,633)
Regular curriculum	3,993,986	524,693	167,212	(3,302,081)
Special curriculum	1,877,040	--	1,005,054	(871,986)
Other instruction	1,350,798	--	17,695	(1,333,103)
Total instruction	11,424,821	1,049,387	1,251,631	(9,123,803)
Support services:				
Pupil services	744,778	--	107,757	(637,021)
Instructional staff services	1,054,450	--	237,045	(817,405)
General administration	480,155	--	681	(479,474)
School building administration	1,171,405	--	288,187	(883,218)
Business administration	3,608,876	--	86,026	(3,522,850)
Other support services	1,035,855	--	87,675	(948,180)
Total support services	8,095,519	--	807,371	(7,288,148)
Nonprogram	1,264,444	--	7,092	(1,257,352)
Food service	638,455	268,609	387,641	17,795
Community service	231,736	54,683	--	(177,053)
Interest and fiscal charges	709,681	--	--	(709,681)
Unallocated depreciation	1,267,621	--	--	(1,267,621)
Totals	\$ 23,632,277	\$ 1,372,679	\$ 2,453,735	(19,805,863)
General revenues:				
				12,721,949
General state aids				
Property taxes levied for:				
General purposes				4,205,299
Debt service				2,152,303
Community service				251,272
Interest income				80,896
Miscellaneous				86,075
Total general revenues				19,497,794
Change in net position				(308,069)
Net position, beginning of year				19,947,696
Net position, end of year				\$ 19,639,627

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

June 30, 2019

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 5,790,388	\$ 367,867	\$ 1,039,635	\$ 7,197,890
Taxes receivable, net	1,900,992	--	--	1,900,992
Accounts receivable	100,799	--	85,900	186,699
Due from other funds	--	--	295,000	295,000
Due from other governments	493,408	--	26,562	519,970
Prepaid expenses	8,764	--	2,188	10,952
Total assets	<u>\$ 8,294,351</u>	<u>\$ 367,867</u>	<u>\$ 1,449,285</u>	<u>\$ 10,111,503</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 431,171	\$ --	\$ 167,945	\$ 599,116
Accrued salaries and wages	726,863	--	--	726,863
Accrued payroll taxes and withholdings	828,692	--	--	828,692
Food service deposits	--	--	19,257	19,257
Due to other funds	295,000	--	--	295,000
Total liabilities	<u>2,281,726</u>	<u>--</u>	<u>187,202</u>	<u>2,468,928</u>
Fund balances:				
Nonspendable	8,764	--	--	8,764
Spendable:				
Restricted	4,714	367,867	709,084	1,081,665
Assigned	495,671	--	552,999	1,048,670
Unassigned	5,503,476	--	--	5,503,476
Total fund balances	<u>6,012,625</u>	<u>367,867</u>	<u>1,262,083</u>	<u>7,642,575</u>
Total liabilities and fund balances	<u>\$ 8,294,351</u>	<u>\$ 367,867</u>	<u>\$ 1,449,285</u>	<u>\$ 10,111,503</u>

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

June 30, 2019

Total fund balances for governmental funds		\$ 7,642,575
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The capital assets consisted of:		
Land	541,158	
Site improvements, net of \$778,017 accumulated depreciation	206,972	
Buildings, net of \$13,032,190 accumulated depreciation	37,853,797	
Equipment, net of \$2,429,559 accumulated depreciation	421,577	
Total capital assets	39,023,504	
Deferred outflows of resources related to pension and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.		
		9,852,715
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable on long-term debt was not included as a liability in the governmental funds balance sheet.		
		(128,772)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest is not accrued in governmental funds, but rather is recognized as expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2019, are:		
Bonds and notes payable, including current portion	(25,730,000)	
Capital leases, including current portion	(6,371)	
Net pension liability - WRS	(2,354,052)	
Net other post employment benefits liability	(109,307)	
Net OPEB liability - LRLIF	(779,388)	
Unused vested employee benefits, including current portion	(411,411)	
Total long-term liabilities	(29,390,529)	
Deferred inflows of resources related to pension and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.		
		(7,359,866)
Total net position of governmental activities		\$ 19,639,627

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

For the Year Ended June 30, 2019

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 4,452,304	\$ 2,154,721	\$ 773,965	\$ 7,380,990
Interdistrict sources	871,307	--	--	871,307
Intermediate sources	55,328	--	--	55,328
State sources	13,847,644	--	14,914	13,862,558
Federal sources	705,717	--	372,727	1,078,444
Other sources	75,581	--	--	75,581
Total revenues	<u>20,007,881</u>	<u>2,154,721</u>	<u>1,161,606</u>	<u>23,324,208</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	3,853,444	--	72,171	3,925,615
Regular curriculum	3,706,281	--	27,131	3,733,412
Special curriculum	1,746,063	--	--	1,746,063
Other instruction	1,250,676	--	12,128	1,262,804
Total instruction	<u>10,556,464</u>	<u>--</u>	<u>111,430</u>	<u>10,667,894</u>
Support services:				
Pupil services	689,248	--	5,341	694,589
Instructional staff services	1,002,123	--	2,853	1,004,976
General administration	447,127	--	4,091	451,218
School building administration	1,027,506	--	63,133	1,090,639
Business administration	3,534,914	--	44,883	3,579,797
Debt service	37,556	2,167,363	7,800	2,212,719
Other support services	966,158	--	103,379	1,069,537
Total support services	<u>7,704,632</u>	<u>2,167,363</u>	<u>231,480</u>	<u>10,103,475</u>
Nonprogram	1,264,444	--	--	1,264,444
Food service	--	--	632,034	632,034
Community service	--	--	216,225	216,225
Total expenditures	<u>19,525,540</u>	<u>2,167,363</u>	<u>1,191,169</u>	<u>22,884,072</u>
Excess of revenues over (under) expenditures	<u>482,341</u>	<u>(12,642)</u>	<u>(29,563)</u>	<u>440,136</u>
Other financing sources (uses):				
Operating transfers in	--	7,277	296,000	303,277
Operating transfers out	<u>(303,277)</u>	<u>--</u>	<u>--</u>	<u>(303,277)</u>
Net other financing sources (uses)	<u>(303,277)</u>	<u>7,277</u>	<u>296,000</u>	<u>--</u>
Net change in fund balances	179,064	(5,365)	266,437	440,136
Fund balances, beginning of year	<u>5,833,561</u>	<u>373,232</u>	<u>995,646</u>	<u>7,202,439</u>
Fund balances, end of year	<u>\$ 6,012,625</u>	<u>\$ 367,867</u>	<u>\$ 1,262,083</u>	<u>\$ 7,642,575</u>

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Net change in fund balances-governmental funds	\$ 440,136
The change in net position reported for governmental activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is capitalized and depreciated over their useful lives. This is the amount by which depreciation exceeds capital expenditures in the current period.	(1,230,207)
Accrued interest expense on long-term debt is reported in the district-wide statement of activities and changes in net position but does not require the use of current financial resources. Therefore, accrued interest is not reported as an expenditure in governmental funds.	30,066
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount pension expense exceeds the amounts contributed by the District based on WRS calculations.	(959,282)
Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense. This is the amount by which OPEB expense exceeds the amount contributed based on LRLIF calculations.	(70,216)
Other post employment benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned throughout the year. Other post employment benefits paid out exceeded what was contributed for the year.	(46,248)
Governmental funds report unused vested employee benefits on a pay-as-you-go basis. The district-wide statement of activities includes unused vested employee benefits expense on an accrual basis. This is the amount by which the pay-as-you-go is more than the accrual basis in the current year.	54,710
Loan proceeds are reported as financing sources in governmental funds and thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which repayments exceed proceeds.	1,472,972
Changes in net position of governmental activities	<u>\$ (308,069)</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

June 30, 2019

	Agency Funds	Private Purpose Trust Fund	Employee Benefit Trust Fund
ASSETS			
Cash	\$ 105,216	\$ 28,813	\$ --
Investments - OPEB	--	--	1,199,744
Accounts receivable	--	--	70,024
Total assets	<u>105,216</u>	<u>28,813</u>	<u>1,269,768</u>
LIABILITIES			
Accounts payable	--	--	88,717
Due to student organizations	105,216	--	--
Total liabilities	<u>105,216</u>	<u>--</u>	<u>88,717</u>
NET POSITION			
Restricted for OPEB	--	--	1,181,051
Restricted for scholarships	--	28,813	--
Net position	<u>\$ --</u>	<u>\$ 28,813</u>	<u>\$ 1,181,051</u>

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

For the Year Ended June 30, 2019

	Private Purpose Trust Fund	Employee Benefit Trust Fund
ADDITIONS		
District contributions to trust	\$ --	\$ 70,024
Gifts	12,732	--
Net investment income - OPEB	--	74,180
Total additions	<u>12,732</u>	<u>144,204</u>
DEDUCTIONS		
Scholarships	16,698	--
Payment of benefits	--	95,189
Total deductions	<u>16,698</u>	<u>95,189</u>
Change in net position	(3,966)	49,015
Net position, beginning of year	<u>32,779</u>	<u>1,132,036</u>
Net position, end of year	<u>\$ 28,813</u>	<u>\$ 1,181,051</u>

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

B. Fund Accounting

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

The District operates the following major governmental funds:

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

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

The District operates the following nonmajor governmental funds:

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Long-term Capital Improvement Fund - the long-term capital improvement fund is used to account for financial resources to be used for the acquisition or construction of capital facilities. The District may not expend money deposited into the fund for a period of five years. The fund was established and funded in fiscal year 2018-2019.

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

C. Basis of Presentation

District-wide Financial Statements

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

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

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

Fund Financial Statements

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Expenditures

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

E. Budgetary Accounting

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

F. Cash and Investments

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

All investments are stated at fair value. Determination of fair value for investment in the Local Government Investment Pool is based on information provided by State of Wisconsin Investment Board.

G. Property Taxes

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

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

H. Receivables

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

I. Prepaid Expenses

Prepaid expenses represent payments made by the District for which benefits extend beyond June 30, 2019.

J. Compensated Absences

Liabilities and the related expenses for vacation benefits are recognized when earned. Accrued liabilities are recorded in current liabilities.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Teachers earn thirteen days of sick pay for each year employed, accumulating to a maximum vested amount of 100 days. Upon retirement, teachers who were employed by the District for a minimum of fifteen years, and are at least age 55 as of the retirement date, are eligible to convert accumulated sick leave to credits to be used to pay the full cost of premiums to continue participation in the District's group health insurance program in an amount based on the number of years of service.

Administrators earn fifteen days of sick pay for each year employed, accumulating to a maximum vested amount of 150 days. Upon retirement, administrators who were employed by the District for a minimum of five years are required to convert accumulated vacation and sick leave (up to a maximum of 100 days) to a benefit conversion plan. The amount paid per day vested on the retiree's behalf is determined by the number of years of service to the District. The amounts, which are used to set up individual accounts for the retired administrators, are paid out to a trust company upon retirement, and are used to pay out the benefits to the retirees.

Classified personnel continuously employed full time or employed daily for portions of a day equal to four or more hours (20 hours per week) are entitled to ten days or portions thereof, of sick leave per year of service. Accumulation of this sick leave is allowable up to 100 days or portions thereof. The daily rate at which the accumulated sick leave is paid out at retirement depends on the job classification.

The entire compensated absence liability is reported on the district-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available resources. The balance of the liability is not recorded.

K. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. Donated fixed assets are recorded at their fair value as of the date received. The District does not possess any infrastructure. All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings and improvements	20-50 years
Land improvements	15-30 years
Furniture and equipment	5-20 years

L. Interfund Activity

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

M. Accrued Liabilities and Long-term Debt

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

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

N. Deferred Outflows / Inflows of Resources

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

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District has items in this category relating to its share of the WRS pension plan, WRS LRLIF plan, and OPEB plan.

O. Fund Balances

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

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

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

Committed fund balance - these amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board - the District's highest level of decision making authority. The District did not have any committed fund balance as of June 30, 2019.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Assigned fund balance - this classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the Board or by an individual or subordinate high level body to which the Board has delegated authority. The Board authorizes the Director of Business Services to assign fund balance to the extent such assignment does not create a negative unassigned fund balance, as follows: 1) An amount sufficient to liquidate open encumbrances that are reasonably expected to result in the subsequent year, and 2) An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.

Unassigned fund balance - this fund balance includes any remaining amounts that are not classified as nonspendable, restricted, committed or assigned.

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

The District has set a goal of maintaining an unassigned fund balance in the general fund that is adequate to meet cash flow needs during the fiscal year. The purpose of maintaining this fund balance is to reduce the need for short-term borrowing and the costs associated with it, serve as a safeguard against unexpected expenses of the District, and maintain a high credit rating for the District, which will help reduce future borrowing costs.

P. WRS Pension

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

Q. Other Post Employment Benefits Plan - LRLIF

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

R. Other Post Employment Benefits Plan

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

S. Use of Estimates

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

Note 2. Cash and Investments:

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

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

- Time deposits
- Securities guaranteed by the U.S. Government
- Securities of Wisconsin Municipal Units
- Securities of Wisconsin Educational and Local Government Investment Pool
- Bonds issued by a local exposition district
- Bonds issued by a local professional baseball park district
- Bonds issued by a local professional stadium district
- Bonds issued by the University of Wisconsin Hospitals and Clinics Authority
- Bonds issued by a local cultural arts district
- Bonds issued by the Wisconsin Aerospace Authority

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

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

The carrying amount of the District's cash and investments totaled \$8,531,663 on June 30, 2019, as summarized below:

Deposits with financial institutions	\$ 7,328,538
Investments:	
Wisconsin OPEB trust	1,199,744
Local Government Investment Pool (LGIP)	3,381
	\$ 8,531,663

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

Reconciliation to the basic financial statements:

Statement of net position	\$ 7,197,890
Fiduciary funds:	
Employee benefit trust fund	1,199,744
Private purpose trust fund	28,813
Agency funds	105,216
	<hr/>
	\$ 8,531,663

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

Custodial Credit Risk

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

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

As of June 30, 2019, the carrying amount of the District's deposits was \$7,328,538 and the bank balance was \$7,734,140. Of the bank balance, \$385,424 was covered by FDIC insurance, and \$6,755,160 was covered by pledged collateral, with the remaining \$593,556 being uninsured and uncollateralized.

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

Credit Risk

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

The District does not have a formal investment policy to address credit risk, but the risk is mitigated by the fact that the District is not invested in any individual securities. None of the District's mutual funds are rated.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

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

<i>Investment Type</i>	<u>Original Cost</u>	<u>Fair Value</u>
Money market funds	\$ 36,396	\$ 36,396
Fixed income exchange funds	595,323	605,424
Equity exchange funds	420,548	557,924
	<u>1,052,267</u>	<u>1,199,744</u>
Local Government Investment Pool	3,381	3,381
Totals	<u>\$ 1,055,648</u>	<u>\$ 1,203,125</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy to address interest rate risk.

Note 3. Changes in Capital Assets:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Land	\$ 541,158	\$ --	\$ --	\$ 541,158
Site improvements	984,989	--	--	984,989
Buildings	50,885,987	--	--	50,885,987
Equipment	2,826,409	37,414	12,687	2,851,136
Totals	<u>55,238,543</u>	<u>37,414</u>	<u>12,687</u>	<u>55,263,270</u>
Accumulated depreciation:				
Site improvements	749,800	28,217	--	778,017
Buildings	11,909,180	1,123,010	--	13,032,190
Equipment	2,325,852	116,190	12,483	2,429,559
Totals	<u>14,984,832</u>	<u>1,267,417</u>	<u>12,483</u>	<u>16,239,766</u>
Capital assets, net	<u>\$ 40,253,711</u>	<u>\$ (1,230,003)</u>	<u>\$ 204</u>	<u>\$ 39,023,504</u>

All depreciation expense was charged to unallocated depreciation.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 4. Inter-fund Transactions:

Inter-fund balances on the fund financial statements at June 30, 2019, consisted of the following:

<i>Fund</i>	<u>Due From</u>	<u>Due To</u>
General	\$ - -	\$ 295,000
Long-term capital improvements fund	<u>295,000</u>	<u>- -</u>
Totals	<u>\$ 295,000</u>	<u>\$ 295,000</u>

The inter-fund balance between the general fund and the long-term capital improvement fund exists to provide additional funding for future capital improvement projects.

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

Transfer from the general fund to the debt service fund	\$ 7,277
Transfer from the general fund to the long-term capital improvements fund	<u>296,000</u>
Totals	<u>\$ 303,277</u>

The inter-fund transfer between the general fund and the debt service fund was made to provide funding to pay long-term notes.

The inter-fund transfer between the general fund and the long-term capital improvements fund was made to provide additional funding for future capital improvement projects.

Note 5. Long-term Obligations:

Long-term obligations of the District are as follows:

<i>Type</i>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$27,160,000	\$ - -	\$ 1,430,000	\$25,730,000	\$ 1,460,000
Capital leases	49,343	- -	42,972	6,371	6,371
Net pension liability - WRS	- -	2,354,052	- -	2,354,052	- -
Net OPEB liability - LRLIF	914,933	- -	135,545	779,388	- -
Net other post employment benefits liability	257,736	- -	148,429	109,307	- -
Unused vested employee benefits	<u>466,121</u>	<u>112,273</u>	<u>166,983</u>	<u>411,411</u>	<u>53,059</u>
Totals	<u>\$28,848,133</u>	<u>\$ 2,466,325</u>	<u>\$ 1,923,929</u>	<u>\$29,390,529</u>	<u>\$ 1,519,430</u>

Total interest expense for the year ended June 30, 2019, was \$737,363 for general obligation debt.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 5. Long-term Obligations - Continued:

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

<i>Description</i>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balances</u>
General obligation bonds	01/19/16	2.0 - 3.0%	03/01/35	\$ 8,720,000
General obligation bonds	12/30/14	2.0 - 3.5%	03/01/34	7,685,000
General obligation bonds	03/01/15	2.0 - 3.5%	03/01/35	8,700,000
General obligation refunding bonds	05/21/12	1.1 - 2.5%	03/01/23	140,000
General obligation refunding bonds	05/21/12	0.7 - 3.2%	03/01/24	<u>485,000</u>
Total general obligation debt				<u>\$25,730,000</u>

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$689,833,324. The legal debt limit and margin of indebtedness as of June 30, 2019, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Debt limit (10% of \$689,833,324)	\$ 68,983,332
Deduct long-term debt applicable to debt margin	<u>25,730,000</u>
Margin of indebtedness	<u>\$ 43,253,332</u>

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

Year ending <i>June 30,</i>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 1,460,000	\$ 707,243	\$ 2,167,243
2021	1,495,000	677,683	2,172,683
2022	1,530,000	646,943	2,176,943
2023	1,565,000	610,963	2,175,963
2024-2028	7,540,000	2,497,320	10,037,320
2029-2033	8,410,000	1,423,314	9,833,314
2034-2035	<u>3,730,000</u>	<u>183,900</u>	<u>3,913,900</u>
Totals	<u>\$ 25,730,000</u>	<u>\$ 6,747,366</u>	<u>\$ 32,477,366</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 6. Capital Leases:

The future minimum lease payments as of June 30, 2019, by fiscal year are as follows:

Year ending			
<i>June 30,</i>			
2020	\$	6,683	
Less amount representing interest		312	
Present value of net minimum lease payments	\$	6,371	

Note 7. Excess of Actual Expenditures Over Budget:

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

General Fund:			
Other instruction	\$		30,394
Instructional staff services			36,641
Business administration			217,233
Nonprogram			20,034
Operating transfers out			129,409
Special Education Fund:			
Pupil services			4,932
Business administration			35,054

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. Fund Balance Reporting:

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

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:				
Non-spendable				
Prepaid expenses	\$ 8,764	\$ --	\$ --	\$ 8,764
Spendable				
Restricted:				
Ingalls Field				
Endowment funds	--	--	308,864	308,864
Pledges receivable	--	--	80,000	80,000
Long-term capital improvements fund	--	--	296,004	296,004
Pledges receivable	--	--	24,216	24,216
Debt service	--	367,867	--	367,867
Unspent common school library funds				
	4,714	--	--	4,714
Assigned:				
Health reimbursement account	495,671	--	--	495,671
Fundraising - special revenue trust fund	--	--	252,761	252,761
Community service fund activities	--	--	300,238	300,238
Unassigned	5,503,476	--	--	5,503,476
Total fund balances	<u>\$ 6,012,625</u>	<u>\$ 367,867</u>	<u>\$ 1,262,083</u>	<u>\$ 7,642,575</u>

Note 9. General Information About the WRS Pension Plan:

Plan Description

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

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. General Information About the WRS Pension Plan - Continued:

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 occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to receive retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. General Information About the WRS Pension Plan - Continued:

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

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

Contributions

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

During the reporting period, the WRS recognized \$671,055 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. General Information About the WRS Pension Plan - Continued:

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

At June 30, 2019, the District reported a liability (asset) of \$2,354,052 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.06616806%, which was a decrease of 0.00136850% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,615,913.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,833,449	\$ 3,240,879
Net differences between projected and actual earnings on pension plan investments	7,006,477	3,568,545
Changes in assumptions	396,806	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,160	--
Employer contributions subsequent to the measurement date	397,440	--
Totals	\$ 9,683,332	\$ 6,809,424

\$397,440 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, 2019.

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

Year ending <i>June 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 3,351,829	\$ 2,448,460
2020	2,210,383	1,973,256
2021	2,158,294	1,766,430
2022	1,565,386	621,278

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. General Information About the WRS Pension Plan - Continued:

Actuarial Assumptions

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

Actuarial valuation date	December 31, 2017
Measurement date of net pension liability (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.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. General Information About the WRS Pension Plan - Continued:

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

Asset Allocation Targets and Expected Returns

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

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

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

Single Discount Rate

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. General Information About the WRS Pension Plan - Continued:

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

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

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's proportionate share of the net pension liability (asset)	\$ 9,355,249	\$2,354,052	\$ (2,851,881)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The District has a payable to the plan in the amount of \$252,737 at June 30, 2019. This amount relates to legally required benefits owed to the plan for June 2019 payroll.

Note 10. General Information About the OPEB Plan:

Plan Description and Benefits Provided

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

Teachers: to be eligible for benefits, teachers must be at least 55 years of age with a minimum of 15 years of service and be eligible for retirement under the WRS. Upon retirement, any monies resulting from unused sick days will be converted at a specified rate based on years of service at retirement. These monies are placed into an HRA and are to be used to coverage under the District's group medical plan until their exhaustion.

Administrators: to be eligible, administrators must be at least age 55 years of age with a minimum of 5 years of full-time service.

For administrators hired prior to July 1, 2005, the District will contribute 88% of the medical premiums on behalf of the retiree for a period of 5 years but not to exceed Medicare eligibility.

For administrators hired on or after July 1, 2005, the District's contributions shall be frozen at 88% of the premium amount in effect at retirement. Additionally, implicit rate subsidy resulting from eligible retirees receiving a sick leave benefit which may be used towards continued medical coverage until its exhaustion.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the OPEB Plan - Continued:

Management personnel: to be eligible, management personnel must be at least age 55 years of age with a minimum of 10 years of full-time service.

For management personnel hired prior to July 1, 2005, the District will contribute 88% of the medical premiums on behalf of the retiree for a period of 5 years but not to exceed Medicare eligibility.

For management personnel hired on or after July 1, 2005, the District's contributions shall be frozen at 88% of the premium amount in effect at retirement. Additionally, implicit rate subsidy resulting from eligible retirees receiving a sick leave benefit which may be used towards continued medical coverage until its exhaustion.

Aides, custodians and clerical: to be eligible for benefits, retirees that are under these categories must be at least 55 years of age with a minimum of 15 years of service and be eligible for retirement under the WRS. Upon retirement, any monies resulting from unused sick days will be converted at a specified rate based on years of service at retirement. These monies are placed into an HRA and are to be used to coverage under the District's group medical plan until their exhaustion.

Employee Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefits	--
Active plan members	206
Total	217

Contributions

The contribution requirements of the District are established and may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2018, the District's average contribution rate was 0% of covered-employee payroll. Employees are not required to contribute to the plan.

Net OPEB Liability

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the OPEB Plan - Continued:

Actuarial Assumptions

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

Inflation	2.5 %
Salary increases	3.0 %
Investment rate of return	3.75 %, net of OPEB plan investment expenses
Healthcare cost trend rates	Medical: initial rate of 7.5%, decreasing by 0.5% per year down to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter

Mortality rates are the same as those used in the December 31, 2015 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

Since the District's assets are heavily invested as fixed income, the long-term expected rate of return on OPEB plan investments was based on the 20-year AA municipal bond rate and applied to all periods of projected benefits to determine the total OPEB liability.

Investment Policy

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

Discount Rate

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the OPEB Plan - Continued:

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB	Plan	Net OPEB
	Liability	Fiduciary	Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/2017	\$ 1,355,802	\$ 1,098,066	\$ 257,736
Changes for the year:			
Service cost	87,169	--	87,169
Interest	48,518	--	48,518
Changes of benefit terms	62,286	--	62,286
Differences between expected and actual experience	(262,968)	--	(262,968)
Changes of assumptions or other input	(23,133)	--	(23,133)
Contributions - employer	--	--	--
Net investment income	--	60,301	(60,301)
Benefit payments	(26,331)	(26,331)	--
Administrative expense	--	--	--
Net changes	(114,459)	33,970	(148,429)
Balances at 6/30/2018	\$ 1,241,343	\$ 1,132,036	\$ 109,307

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB liability	\$ 173,735	\$ 109,307	\$ 46,620

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the OPEB Plan - Continued:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1%-point lower or 1%-point higher than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Net OPEB liability	\$ 35,805	\$ 109,307	\$ 192,431

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 \$116,272. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 239,062
Changes of assumptions or other input	--	50,155
Net difference between projected and actual earnings on OPEB plan investments	--	47,919
District contributions subsequent to the measurement date	70,024	--
Totals	\$ 70,024	\$ 337,136

\$70,024 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

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

Year ending	
<i>June 30,</i>	
2019	\$ (43,729)
2020	(43,729)
2021	(43,731)
2022	(33,710)
2023	(29,245)
Thereafter	(142,992)

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the Other Post Employment Benefits - LRLIF:

Plan Description

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

OPEB Plan Fiduciary Net Position.

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

Benefits Provided

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

Contributions

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

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

Contribution rates as of June 30, 2019 are:

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the Other Post Employment Benefits - LRLIF - Continued:

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

Life Insurance
Employee Contribution Rates
For the year ended December 31, 2018

Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$5,819 in contributions from the employer.

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

At June 30, 2019, the District reported a liability (asset) of \$779,388 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.30204900%, which was a decrease of 0.00205900% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$77,084.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the Other Post Employment Benefits - LRLIF - Continued:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 39,538
Net differences between projected and actual earnings on OPEB plan investments	18,626	--
Changes in assumptions	74,366	168,941
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,434	4,827
Employer contributions subsequent to the measurement date	3,933	--
Totals	<u>\$ 99,359</u>	<u>\$ 213,306</u>

\$3,933 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 19,198	\$ 34,882
2020	19,198	34,882
2021	19,198	34,882
2022	16,582	34,882
2023	13,888	34,882
2024	7,362	33,960
2025	--	4,936

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the Other Post Employment Benefits - LRLIF - Continued:

Actuarial Assumptions

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

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

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

Long-term Expected Return on Plan Assets

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the Other Post Employment Benefits - LRLIF - Continued:

Local OPEB Life Insurance

Asset Allocation Targets and Expected Returns

As of December 31, 2018

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-term Expected Rate of Return			5.00%

Single Discount Rate

A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

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

	<u>1% Decrease to Discount Rate (3.22%)</u>	<u>Current Discount Rate (4.22%)</u>	<u>1% Increase to Discount Rate (5.22%)</u>
District's proportionate share of the net OPEB liability	\$ 1,108,732	\$ 779,388	\$ 525,375

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the Other Post Employment Benefits - LRLIF - Continued:

OPEB Plan Fiduciary Net Position

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

Note 12. Limitation on School District Revenues:

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

Note 13. Contingent Liabilities:

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

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

Note 14. Fair Value Measurements:

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

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

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 14. Fair Value Measurements - Continued:

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money market funds	\$ 36,396	\$ --	\$ --	\$ 36,396
Fixed income exchange traded funds	605,424	--	--	605,424
Equity exchange traded Funds	557,924	--	--	557,924
LGIP	--	3,381	--	3,381
Totals	\$ 1,199,744	\$ 3,381	\$ --	\$ 1,203,125

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

Investments classified in the Level 2 of the fair value hierarchy represent the District's share of the Local Government Investment Pool provided by the Wisconsin Department of Administration.

Note 15. Subsequent Events:

The District has evaluated all subsequent events through December 2, 2019, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Other Post Employment Benefits Plan

Last 10 Fiscal Years*

	2019	2018	2017
Total OPEB liability:			
Service cost	\$ 87,169	\$ 93,528	\$ 79,839
Interest	48,518	39,593	31,910
Changes in benefit terms	62,286	--	179,249
Changes of assumptions or other input	(23,133)	(35,597)	--
Differences between expected and actual experience	(262,968)	--	--
Benefit payments	(26,331)	(29,451)	(54,050)
Net change in total OPEB liability	(114,459)	68,073	236,948
Total OPEB liability - beginning	1,355,802	1,287,729	1,050,781
Total OPEB liability - ending	\$ 1,241,343	\$ 1,355,802	\$ 1,287,729
Plan fiduciary net position:			
Contributions - employer	\$ --	\$ 61,808	\$ 65,129
Net investment income	60,301	80,144	7,079
Benefit payments	(26,331)	(29,451)	(54,050)
Net change in plan fiduciary net position	33,970	112,501	18,158
Total fiduciary net position - beginning	1,098,066	985,565	967,407
Total fiduciary net position - ending	\$ 1,132,036	\$ 1,098,066	\$ 985,565
Net OPEB liability - ending	\$ 109,307	\$ 257,736	\$ 302,164
Plan fiduciary net position as a percentage of the total OPEB liability	91.19%	80.99%	76.54%
The District's covered employee payroll	\$ 9,439,255	\$ 6,574,663	\$ 6,574,663
Net OPEB liability as a percentage of covered employee payroll	1.16%	3.92%	4.60%

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

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

SEE NOTES TO REQUIRED OPEB PLAN SCHEDULES.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 87,650	\$ 85,097	\$ 61,808
Contributions in relation to the actuarially determined contributions	<u>- -</u>	<u>(61,808)</u>	<u>(65,129)</u>
Contribution deficiency (excess)	<u>\$ 87,650</u>	<u>\$ 23,289</u>	<u>\$ (3,321)</u>
District's covered employee payroll	\$ 9,439,255	\$ 6,574,663	\$ 6,574,663
Contributions as a percentage of covered employee payroll	0.00%	0.94%	0.99%

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

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Note 1. Change of Benefit Terms:

There were no changes of benefit terms for this benefit.

Note 2. Change of Assumptions:

The discount rate was changed from 3.50% to 3.75%.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Wisconsin Retirement System
Last 10 Fiscal Years*

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
06/30/15	0.07340394%	\$ (1,802,506)	\$ 10,036,208	102.74%
06/30/16	0.07146993%	1,161,372	9,835,685	98.20%
06/30/17	0.06938399%	571,890	9,707,672	99.12%
06/30/18	0.06753656%	(2,005,240)	9,841,348	102.93%
06/30/19	0.06616806%	2,354,052	10,015,760	96.45%

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

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
06/30/15	\$ 702,535	\$ 702,535	\$ --	\$ 10,036,208	7.00%
06/30/16	668,827	668,827	--	9,835,685	6.80%
06/30/17	640,706	640,706	--	9,707,672	6.60%
06/30/18	669,281	669,281	--	9,841,348	6.80%
06/30/19	671,055	671,055	--	10,015,760	6.70%

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

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Note 1. Change of Benefit Terms:

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

Note 2. Change of Assumptions:

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Local Retiree Life Insurance Fund
Last 10 Fiscal Years*

Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
06/30/18	0.30410800%	\$ 914,933	\$ 12,788,611	44.81%
06/30/19	0.30204900%	779,388	7,436,000	48.69%

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

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Local Retiree Life Insurance Fund

Last 10 Fiscal Years*

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
06/30/18	\$ 5,775	\$ 5,775	\$ --	\$ 12,788,611	0.045%
06/30/19	5,819	5,819	--	7,436,000	0.078%

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

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Note 1. Change of Benefit Terms:

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

Note 2. Change of Assumptions:

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Local sources	\$ 4,396,491	\$ 4,396,491	\$ 4,452,304	\$ 55,813
Interdistrict sources	918,548	918,548	871,307	(47,241)
Intermediate sources	3,500	3,500	7,369	3,869
State sources	13,380,581	13,380,581	13,301,177	(79,404)
Federal sources	236,737	236,737	287,367	50,630
Other sources	74,705	74,705	75,581	876
Total revenues	<u>19,010,562</u>	<u>19,010,562</u>	<u>18,995,105</u>	<u>(15,457)</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	3,934,773	3,934,773	3,853,444	81,329
Regular curriculum	3,901,714	3,901,714	3,706,281	195,433
Other instruction	1,220,282	1,220,282	1,250,676	(30,394)
Total instruction	<u>9,056,769</u>	<u>9,056,769</u>	<u>8,810,401</u>	<u>246,368</u>
Support services:				
Pupil services	494,961	494,961	465,952	29,009
Instructional staff services	796,456	796,456	833,097	(36,641)
General administration	485,695	485,695	447,127	38,568
School building administration	1,035,414	1,035,414	1,027,506	7,908
Business administration	3,113,798	3,113,798	3,331,031	(217,233)
Debt service	37,691	37,691	37,556	135
Other support services	1,263,728	1,263,728	959,828	303,900
Total support services	<u>7,227,743</u>	<u>7,227,743</u>	<u>7,102,097</u>	<u>125,646</u>
Nonprogram	882,375	882,375	902,409	(20,034)
Total expenditures	<u>17,166,887</u>	<u>17,166,887</u>	<u>16,814,907</u>	<u>351,980</u>
Excess of revenues over expenditures	1,843,675	1,843,675	2,180,198	336,523
Other financing sources (uses):				
Operating transfers out	(1,871,725)	(1,871,725)	(2,001,134)	(129,409)
Net change in fund balance	(28,050)	(28,050)	179,064	207,114
Fund balance, beginning of year	5,833,561	5,833,561	5,833,561	--
Fund balance, end of year	<u>\$ 5,805,511</u>	<u>\$ 5,805,511</u>	<u>\$ 6,012,625</u>	<u>\$ 207,114</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intermediate sources	\$ 54,000	\$ 54,000	\$ 47,959	\$ (6,041)
State sources	584,132	584,132	546,467	(37,665)
Federal sources	437,929	437,929	418,350	(19,579)
Total revenues	<u>1,076,061</u>	<u>1,076,061</u>	<u>1,012,776</u>	<u>(63,285)</u>
Expenditures:				
Instruction:				
Special curriculum	<u>1,902,493</u>	<u>1,902,493</u>	<u>1,746,063</u>	<u>156,430</u>
Support services:				
Pupil services	218,364	218,364	223,296	(4,932)
Instructional staff services	174,600	174,600	169,026	5,574
General administration	2,000	2,000	--	2,000
Business administration	168,829	168,829	203,883	(35,054)
Other support services	6,500	6,500	6,330	170
Total support services	<u>570,293</u>	<u>570,293</u>	<u>602,535</u>	<u>(32,242)</u>
Nonprogram	475,000	475,000	362,035	112,965
Total expenditures	<u>2,947,786</u>	<u>2,947,786</u>	<u>2,710,633</u>	<u>237,153</u>
Excess of revenues over (under) expenditures	(1,871,725)	(1,871,725)	(1,697,857)	173,868
Other financing sources (uses):				
Operating transfers in (out)	<u>1,871,725</u>	<u>1,871,725</u>	<u>1,697,857</u>	<u>(173,868)</u>
Net change in fund balance	--	--	--	--
Fund balance, beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

OTHER SUPPLEMENTARY INFORMATION

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

**COMBINING BALANCE SHEET -
GENERAL AND SPECIAL EDUCATION FUNDS**

June 30, 2019

	General Fund	Special Education Fund	Eliminations	Totals
ASSETS				
Cash and investments	\$ 5,790,388	\$ --	\$ --	\$ 5,790,388
Taxes receivable, net	1,900,992	--	--	1,900,992
Accounts receivable	88,684	12,115	--	100,799
Due from other funds	76,779	--	(76,779)	--
Due from other governments	391,926	101,482	--	493,408
Prepaid expenses	8,764	--	--	8,764
Total assets	<u>\$ 8,257,533</u>	<u>\$ 113,597</u>	<u>\$ (76,779)</u>	<u>\$ 8,294,351</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 394,353	\$ 36,818	\$ --	\$ 431,171
Accrued salaries and wages	726,863	--	--	726,863
Accrued payroll taxes and withholdings	828,692	--	--	828,692
Due to other funds	295,000	76,779	(76,779)	295,000
Total liabilities	<u>2,244,908</u>	<u>113,597</u>	<u>(76,779)</u>	<u>2,281,726</u>
Fund balances:				
Nonspendable	8,764	--	--	8,764
Spendable:				
Restricted	4,714	--	--	4,714
Assigned	495,671	--	--	495,671
Unassigned	5,503,476	--	--	5,503,476
Total fund balances	<u>6,012,625</u>	<u>--</u>	<u>--</u>	<u>6,012,625</u>
Total liabilities and fund balances	<u>\$ 8,257,533</u>	<u>\$ 113,597</u>	<u>\$ (76,779)</u>	<u>\$ 8,294,351</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

For the Year Ended June 30, 2019

	General Fund	Special Education Fund	Eliminations	Totals
Revenues:				
Local sources	\$ 4,452,304	\$ --	\$ --	\$ 4,452,304
Interdistrict sources	871,307	--	--	871,307
Intermediate sources	7,369	47,959	--	55,328
State sources	13,301,177	546,467	--	13,847,644
Federal sources	287,367	418,350	--	705,717
Other sources	75,581	--	--	75,581
Total revenues	<u>18,995,105</u>	<u>1,012,776</u>	<u>--</u>	<u>20,007,881</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	3,853,444	--	--	3,853,444
Regular curriculum	3,706,281	--	--	3,706,281
Special curriculum	--	1,746,063	--	1,746,063
Other instruction	1,250,676	--	--	1,250,676
Total instruction	<u>8,810,401</u>	<u>1,746,063</u>	<u>--</u>	<u>10,556,464</u>
Support services:				
Pupil services	465,952	223,296	--	689,248
Instructional staff services	833,097	169,026	--	1,002,123
General administration	447,127	--	--	447,127
School building administration	1,027,506	--	--	1,027,506
Business administration	3,331,031	203,883	--	3,534,914
Debt service	37,556	--	--	37,556
Other support services	959,828	6,330	--	966,158
Total support services	<u>7,102,097</u>	<u>602,535</u>	<u>--</u>	<u>7,704,632</u>
Nonprogram	902,409	362,035	--	1,264,444
Total expenditures	<u>16,814,907</u>	<u>2,710,633</u>	<u>--</u>	<u>19,525,540</u>
Excess of revenues over (under) expenditures	<u>2,180,198</u>	<u>(1,697,857)</u>	<u>--</u>	<u>482,341</u>
Other financing sources (uses):				
Operating transfers in	--	1,697,857	(1,697,857)	--
Operating transfers (out)	(2,001,134)	--	1,697,857	(303,277)
Net other financing sources (uses)	<u>(2,001,134)</u>	<u>1,697,857</u>	<u>--</u>	<u>(303,277)</u>
Net change in fund balances	179,064	--	--	179,064
Fund balances, beginning of year	5,833,561	--	--	5,833,561
Fund balances, end of year	<u>\$ 6,012,625</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,012,625</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2019

	<u>Long-Term Capital Improvements Fund</u>	<u>Special Revenue Funds</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 1,004	\$ 1,038,631	\$ 1,039,635
Accounts receivable	--	85,900	85,900
Prepaid expenses	--	2,188	2,188
Due from other funds	295,000	--	295,000
Due from other governments	--	26,562	26,562
	<u>296,004</u>	<u>1,153,281</u>	<u>1,449,285</u>
Total assets	<u>\$ 296,004</u>	<u>\$ 1,153,281</u>	<u>\$ 1,449,285</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ --	\$ 167,945	\$ 167,945
Food service deposits	--	19,257	19,257
Total liabilities	<u>--</u>	<u>187,202</u>	<u>187,202</u>
 Fund balances:			
Restricted	296,004	413,080	709,084
Assigned	--	552,999	552,999
Total fund balances	<u>296,004</u>	<u>966,079</u>	<u>1,262,083</u>
 Total liabilities and fund balances	 <u>\$ 296,004</u>	 <u>\$ 1,153,281</u>	 <u>\$ 1,449,285</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

	<u>Long-Term Capital Improvements Fund</u>	<u>Special Revenue Funds</u>	<u>Totals</u>
Revenues:			
Local sources	\$ 4	\$ 773,961	\$ 773,965
State sources	--	14,914	14,914
Federal sources	--	372,727	372,727
Total revenues	<u>4</u>	<u>1,161,602</u>	<u>1,161,606</u>
Expenditures:			
Instruction:			
Undifferentiated curriculum	--	72,171	72,171
Regular curriculum	--	27,131	27,131
Other instruction	--	12,128	12,128
Total instruction	<u>--</u>	<u>111,430</u>	<u>111,430</u>
Support services:			
Pupil services	--	5,341	5,341
Instructional staff services	--	2,853	2,853
General administration	--	4,091	4,091
School building administration	--	63,133	63,133
Business administration	--	44,883	44,883
Debt service	--	7,800	7,800
Other support services	--	103,379	103,379
Total support services	<u>--</u>	<u>231,480</u>	<u>231,480</u>
Food service	--	632,034	632,034
Community service	--	216,225	216,225
Total expenditures	<u>--</u>	<u>1,191,169</u>	<u>1,191,169</u>
Excess of revenues over (under) expenditures	4	(29,567)	(29,563)
Other financing sources (uses):			
Operating transfers in	<u>296,000</u>	<u>--</u>	<u>296,000</u>
Net change in fund balance	296,004	(29,567)	266,437
Fund balance, beginning of year	<u>--</u>	<u>995,646</u>	<u>995,646</u>
Fund balance, end of year	<u>\$ 296,004</u>	<u>\$ 966,079</u>	<u>\$ 1,262,083</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

June 30, 2019

	Special Revenue Trust	Food Service	Community Service	Totals
ASSETS				
Cash and investments	\$ 561,625	\$ 177,320	\$ 299,686	\$ 1,038,631
Accounts receivable	80,000	5,900	--	85,900
Prepaid expenses	--	--	2,188	2,188
Due from other governments	--	26,562	--	26,562
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 641,625</u>	<u>\$ 209,782</u>	<u>\$ 301,874</u>	<u>\$ 1,153,281</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ 166,309	\$ 1,636	\$ 167,945
Food service deposits	--	19,257	--	19,257
Total liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances:				
Restricted	388,864	24,216	--	413,080
Assigned	252,761	--	300,238	552,999
Total fund balances	<u>641,625</u>	<u>24,216</u>	<u>300,238</u>	<u>966,079</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 641,625</u>	<u>\$ 209,782</u>	<u>\$ 301,874</u>	<u>\$ 1,153,281</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

	Special Revenue Trust	Food Service	Community Service	Totals
Revenues:				
Local sources	\$ 194,389	\$ 268,609	\$ 310,963	\$ 773,961
State sources	--	14,914	--	14,914
Federal sources	--	372,727	--	372,727
Total revenues	<u>194,389</u>	<u>656,250</u>	<u>310,963</u>	<u>1,161,602</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	72,171	--	--	72,171
Regular curriculum	27,131	--	--	27,131
Other instruction	12,128	--	--	12,128
Total instruction	<u>111,430</u>	<u>--</u>	<u>--</u>	<u>111,430</u>
Support services:				
Pupil services	5,341	--	--	5,341
Instructional staff services	2,853	--	--	2,853
General administration	800	--	3,291	4,091
School building administration	--	--	63,133	63,133
Business administration	822	--	44,061	44,883
Other support services	100,919	--	2,460	103,379
Debt service	7,800	--	--	7,800
Total support services	<u>118,535</u>	<u>--</u>	<u>112,945</u>	<u>231,480</u>
Food service	--	632,034	--	632,034
Community service	--	--	216,225	216,225
Total expenditures	<u>229,965</u>	<u>632,034</u>	<u>329,170</u>	<u>1,191,169</u>
Net change in fund balances	(35,576)	24,216	(18,207)	(29,567)
Fund balances, beginning of year	<u>677,201</u>	<u>--</u>	<u>318,445</u>	<u>995,646</u>
Fund balances, end of year	<u>\$ 641,625</u>	<u>\$ 24,216</u>	<u>\$ 300,238</u>	<u>\$ 966,079</u>

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

**COMBINING BALANCE SHEET -
AGENCY FUNDS**

June 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS:				
Cash	\$ 118,246	\$ 239,719	\$ 252,749	\$ 105,216
LIABILITIES:				
Due to student organizations:				
High School	\$ 101,978	\$ 210,935	\$ 223,264	\$ 89,649
Middle School	15,719	28,784	28,936	15,567
Crossroads Charter School	549	--	549	--
Total liabilities	<u>\$ 118,246</u>	<u>\$ 239,719</u>	<u>\$ 252,749</u>	<u>\$ 105,216</u>

RIPON AREA SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
CATALYST MIDDLE SCHOOL
FISCAL YEAR ENDING JUNE 30, 2019

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$3,586.50
EMPLOYEE BENEFITS	200	961.95
PURCHASED SERVICES	300	0
NON-CAPITAL OBJECTS	400	0
CAPITAL OBJECTS	500	0
INSURANCE & JUDGEMENTS	700	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
TOTAL		\$ 4,548.45

*Note: These costs include 1.0% of the salary and fringe benefit expenses paid for the superintendent, curriculum director and business manager.

RIPON AREA SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
JOURNEY CHARTER SCHOOL
FISCAL YEAR ENDING JUNE 30, 2019

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$3,586.50
EMPLOYEE BENEFITS	200	961.95
PURCHASED SERVICES	300	0
NON-CAPITAL OBJECTS	400	0
CAPITAL OBJECTS	500	0
INSURANCE & JUDGEMENTS	700	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
TOTAL		\$ 4,548.45

*Note: These costs include 1.0% of the salary and fringe benefit expenses paid for the superintendent, curriculum director and business manager.

RIPON AREA SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
LUMEN HIGH SCHOOL
FISCAL YEAR ENDING JUNE 30, 2019

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$3,586.50
EMPLOYEE BENEFITS	200	961.95
PURCHASED SERVICES	300	0
NON-CAPITAL OBJECTS	400	0
CAPITAL OBJECTS	500	0
INSURANCE & JUDGEMENTS	700	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
TOTAL		\$ 4,548.45

*Note: These costs include 1.0% of the salary and fringe benefit expenses paid for the superintendent, curriculum director and business manager.

RIPON AREA SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
QUEST CHARTER SCHOOL
FISCAL YEAR ENDING JUNE 30, 2019

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$3,586.50
EMPLOYEE BENEFITS	200	961.95
PURCHASED SERVICES	300	0
NON-CAPITAL OBJECTS	400	0
CAPITAL OBJECTS	500	0
INSURANCE & JUDGEMENTS	700	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
TOTAL		\$ 4,548.45

*Note: These costs include 1.0% of the salary and fringe benefit expenses paid for the superintendent, curriculum director and business manager.

RIPON AREA SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
ODYSSEY ACADEMY OF VIRTUAL LEARNING
FISCAL YEAR ENDING JUNE 30, 2019

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	\$3,586.50
EMPLOYEE BENEFITS	200	961.95
PURCHASED SERVICES	300	0
NON-CAPITAL OBJECTS	400	0
CAPITAL OBJECTS	500	0
INSURANCE & JUDGEMENTS	700	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
OTHER (REPLACE OTHER WITH AN ACTIVITY NAME)	900	0
TOTAL		\$ 4,548.45

*Note: These costs include 1.0% of the salary and fringe benefit expenses paid for the superintendent, curriculum director and business manager.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Awarding Agency/ Pass-Through Agency/ Award Description	Federal Catalog Number	Pass-Through Identification Number	Accrued Receivable 06/30/18	Expenditures	Grantor Reimbursement	Accrued Receivable 06/30/19
U.S. DEPARTMENT OF AGRICULTURE						
WI Department of Public Instruction:						
<i>Child Nutrition Cluster:</i>						
National School Breakfast	10.553	2019-204872-SB-546	\$ 6	\$ 2,859	\$ 2,785	\$ 80
National School Breakfast Severe	10.553	2019-204872-SB-Severe-546	2,057	70,514	70,650	1,921
National School Lunch - Noncash	10.555	2019-204872-NSL-001	--	36,268	36,268	--
National School Lunch - Cash	10.555	2019-204872-NSL-547	5,634	232,856	232,295	6,195
National School Snack	10.555	2019-204872-NSLAE-566	1,547	11,328	11,214	1,661
National School Milk	10.556	2019-204872-SMP-548	28	790	677	141
Summer Food Service Program	10.559	2019-204872-SFSP-586	--	18,113	--	18,113
Child Nutrition Cluster Totals			<u>9,272</u>	<u>372,728</u>	<u>353,889</u>	<u>28,111</u>
U.S. DEPARTMENT OF EDUCATION						
WI Department of Public Instruction:						
<i>Special Education Cluster:</i>						
IDEA Flow Through	84.027	2019-204872-IDEA-FT-341	59,321	295,916	292,693	62,544
High Cost Special Education Aid	84.027	2019-204872-IDEA-FT-341	--	5,376	5,376	--
IDEA Preschool Entitlement	84.173	2019-204872-IDEA-PS-347	--	10,077	10,077	--
Special Education Cluster Totals			<u>59,321</u>	<u>311,369</u>	<u>308,146</u>	<u>62,544</u>
Title I-A	84.010	2019-204872-TIA-141	41,186	178,892	177,471	42,607
Title II-A Improving Teacher Quality	84.367	2019-204872-TIIA-365	--	37,061	34,247	2,814
Title IV-A Student Support and Academic Enrichment Grants	84.424a	2019-204872-TIVA-381	1,277	4,316	3,887	1,706
CESA #6:						
Carl Perkins	84.048	n/a	5,036	3,847	5,036	3,847
Title III-A English Language Acquisition	84.365	n/a	4,662	3,522	4,662	3,522
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
WI Department of Health Services:						
Medical Assistance Program	93.778	n/a	15,098	174,078	165,430	23,746
Totals			<u>\$ 135,852</u>	<u>\$ 1,085,813</u>	<u>\$ 1,052,768</u>	<u>\$ 168,897</u>

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Awarding Agency/ Pass-Through Agency/ Award Description	State ID Number	Pass-Through Identification Number	Accrued Receivable 06/30/18	Expenditures	Grantor Reimbursement	Accrued Receivable 06/30/19
WI DEPARTMENT OF PUBLIC INSTRUCTION						
Special Education and						
School Age Parents	255.101	204872-100	\$ --	\$ 487,356	\$ 487,356	\$ --
State School Lunch Aid	255.102	204872-107	--	5,867	5,867	--
Common School Fund Library Aid	255.103	204872-104	--	59,622	59,622	--
General Transportation Aid	255.107	204872-102	--	26,997	26,997	--
WI School Day Milk Program	255.115	204872-109	--	4,210	4,210	--
General Equalization Aids	255.201	204872-116	199,961	11,684,705	11,689,256	195,410
High Cost Special Education Aid	255.210	204872-119	--	20,111	20,111	--
Special Education Transition						
Readiness	255.257	204872-174	--	32,000	23,829	8,171
Personal Electronic Computing						
Device	255.296	204872-175	--	15,625	15,625	--
School Based Mental Health Services	255.297	204872-177	--	71,033	--	71,033
School Breakfast Program	255.344	204872-108	--	4,837	4,837	--
Per Pupil Aid	255.945	204872-113	--	1,037,244	1,037,244	--
Educator Effectiveness Grant	255.940	204872-154	--	10,640	10,640	--
Career and Technical						
Educ Incentive Grants	255.950	204872-152	--	16,000	16,000	--
Assessments of Reading Readiness	255.956	204872-166	--	2,805	2,805	--
Special Education Transition						
Incentive	255.960	204872-168	--	7,000	7,000	--
CESA #6:						
Special Education and						
School Age Parents	255.101	n/a	--	47,959	47,959	--
WI DEPARTMENT OF JUSTICE						
Safety Updates and Mental						
Health Training	455.206	n/a	--	79,963	74,308	5,655
Safety Initiative	455.206	n/a	--	158,433	158,433	--
Totals			<u>\$ 199,961</u>	<u>\$ 13,772,407</u>	<u>\$ 13,692,099</u>	<u>\$ 280,269</u>

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

For the Year Ended June 30, 2019

Note 1. Basis of Presentation:

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

Note 2. Summary of Significant Accounting Policies:

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Ripon Area School District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

Note 3. Special Education and School Age Parents Program:

The 2018-2019 eligible costs under the state special education program as reported by the District are \$1,930,148. The 2019-2020 estimated aid reimbursement for this program is \$472,886.



Erickson & Associates, S.C.

Certified Public Accountants

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

Board of Education
Ripon Area School District
Ripon, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ripon Area School District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

Ripon Area School District's Response to Findings

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

Purpose of this Report

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

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.
Appleton, Wisconsin
December 2, 2019



Erickson & Associates, S.C.

Certified Public Accountants

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

Board of Education
Ripon Area School District
Ripon, Wisconsin

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.
Appleton, Wisconsin
December 2, 2019

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Summary of Auditor's Results:

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

10.553	<i>Child Nutrition Cluster</i>
10.553	National School Breakfast
10.555	National School Breakfast Severe
10.555	National School Lunch - Noncash
10.555	National School Lunch - Cash
10.555	National School Snack
10.555	National School Milk
10.559	Summer Food Service Program

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

State Awards

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Summary of Auditor's Results - Continued:

Identification of major state programs:

255.201	General Equalization Aids
255.101	Special Education and School Age Parents
Dollar threshold used to distinguish between Type A and Type B programs:	\$250,000

Financial Statement Findings:

2019-001 Lack of Adequate Segregation of Duties in the System of Controls

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting, the selection and application for accounting principles and the safeguarding of assets. Proper segregation of duties provides a system of checks and balances on the accounting system and reduces the risk of errors and irregularities, both intentional and unintentional.

Condition: The size of the District's office staff precludes an adequate segregation of accounting and reporting functions necessary to ensure an adequate internal control system.

Cause: There are a limited number of office employees.

Effect: Proper segregation of duties in the system of controls is not accomplished.

Recommendation: The District should continue to evaluate the cost/benefit of hiring additional support staff to achieve complete segregation of duties. The District should also consider updating employee procedures to achieve additional segregation of duties, primarily related to cash receipts and cash disbursements. The Board of Education should remain involved with review of and oversight regarding the District's financial statements and budgets.

Identification of a

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

Views of
Responsible

Officials: See District's corrective action plan.

2019-002 Financial Statement Preparation

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

2019-002 Financial Statement Preparation - Continued

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

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

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

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

Recommendation: Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional costs that would be required to remedy the current conditions.

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

2019-003 Special Education Teachers with No Valid License

Condition: Per Wisconsin Department of Public Instruction, the District had two educators without a valid license as of the end of the District's fiscal year. The educators' salaries and benefits of \$26,334.88 are considered a questioned cost. As a result, the District could lose categorical aid on these expenditures.

Criteria: Educators listed on the Special Education No-Valid License report are required to be reported to the Department and their related salaries and benefits are to be disclosed as questioned costs by the auditor if the amount exceeds \$25,000.

Cause: The District reported the educators with local special education expenditures, but these educators did not have the proper licensing with the Wisconsin Department of Public Instruction.

Effect: The special education costs originally coded to project code 011 (later reclassified to 019) were not reported properly.

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

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

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Federal and State Findings and Questioned Costs:

See finding number 2019-003 for a finding related to state program #255.101 Special Education and School Age Parents.

**RIPON AREA SCHOOL DISTRICT
RIPON, WISCONSIN**

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

Status of Prior Year Audit Findings

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

Regarding findings 2018-001 and 2018-002, management continues to believe that due to budget constraints, it is not practicable for the District to hire additional staff to correct these findings.

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Area School District
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CORRECTIVE ACTION PLAN

2019-001 Lack of Adequate Segregation of Duties

Corrective Action Plan: The District has evaluated the cost/benefit of hiring additional support staff to achieve proper separation of duties and at this point it is not possible due to budget constraints.

Anticipated Completion Date: Ongoing

2019-002 Financial Statement Preparation

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

Anticipated Completion Date: Ongoing

2019-003 Special Education Teachers with No Valid License

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

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

Contact Information: For more information regarding these findings, please contact Jonah Adams, Business Manager, Ripon Area School District, 1120 Metomen Street, Ripon, WI, 54971.

Sincerely,

Jonah Adams
Business Manager