

**MONONA GROVE SCHOOL DISTRICT**  
Monona, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability (asset) and schedule of contributions, schedule of employer OPEB contributions, schedule of proportionate share of the net OPEB liability—Local Retiree Life Insurance fund, and schedule of changes in net OPEB liability and related ratios, and schedule of net supplemental pension liability and schedule of changes in net supplemental pension liability, 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 Monona Grove School District's basic financial statements. The combining general fund financial statements, the combining nonmajor fund financial statements, and the agency fund schedule of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* and is also not a required part of the basic financial statements.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019 on our consideration of the Monona Grove School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Monona Grove School District's internal control over financial reporting

or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monona Grove School District's internal control over financial reporting and compliance.

Wegner CPAs, LLP  
Madison, Wisconsin  
November 20, 2019

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

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

**FINANCIAL HIGHLIGHTS**

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

- Total net position of the District increased to \$16,061,466 at June 30, 2019.
- Total revenues increased to \$55,587,585 in fiscal year 2019, up from \$51,809,983 in fiscal year 2018, an increase of approximately 7.29%.
- Total expenses increased to \$54,536,631 in fiscal year 2019, up from \$47,785,483 in the fiscal year 2018, an increase of 14.13%.

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

- Total fund balances of the District's governmental funds increased \$59,371,174 in fiscal year 2019. This increase included a \$338,450 increase in the general fund, a \$3,502,777 increase in the debt service fund, a \$55,837,332 increase in the capital projects fund, and a \$307,375 decrease in the nonmajor governmental funds.
- The District passed a \$2.6 million operational referendum to override the revenue limit cap for 5 years. The 2018-2019 fiscal year was the third year in which the \$2.6 million was available to the District to utilize.
- The District passed a \$57 million referendum to issue debt to build a new elementary school in Cottage Grove among other facility upgrades and maintenance. The District issued this debt during the 2018-2019 fiscal year, but had not yet begun construction on the new building at fiscal year-end.
- The District passed a \$930,000 operational referendum to override the revenue limit cap on a recurring basis. The 2019-2020 fiscal year will be the first year in which the \$930,000 million will be available to the District to utilize.
- The fund balance for all governmental funds at June 30, 2019 was \$70,834,349. Of this amount, \$632,698 was nonspendable; \$62,557,722 was restricted for debt service, capital projects, donor restrictions, nutrition services, and community service; and \$7,643,929 remains unassigned.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**MONONA GROVE SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**District-Wide Financial Statements**

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

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered. The District does not have any proprietary funds and the fiduciary funds are not included in the statement of net position.

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

**Fund Financial Statements**

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

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



**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

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

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

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 20-53 of this report.

**Other Information**

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

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

The District ended its fiscal year with net position of \$16,061,466, of which \$15,097,086 was net investment in capital assets, \$5,222,970 was restricted for debt service, \$55,921,858 was restricted for capital projects, and \$951,378 was restricted for donor restrictions, nutrition services, and community service, and a deficit of \$61,131,826 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

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

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>% Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 81,128	\$ 23,165	250.22%
Capital assets	57,626	57,496	0.23%
<b>Total assets</b>	138,754	80,661	72.02%
<b>DEFERRED OUTFLOWS</b>	15,917	12,086	31.70%
<b>LIABILITIES</b>			
Long-term liabilities	120,401	57,362	109.90%
Other liabilities	10,762	7,772	38.47%
<b>Total liabilities</b>	131,163	65,134	101.37%
<b>DEFERRED INFLOWS</b>	7,447	12,603	-40.91%
<b>NET POSITION</b>			
Net Investment in capital assets	15,097	14,245	5.98%
Restricted	62,096	6,144	910.68%
Unrestricted	(61,132)	(5,379)	1036.49%
<b>Total Net Position</b>	<b>\$ 16,061</b>	<b>\$ 15,010</b>	<b>7.00%</b>

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

**Changes in Net Position**

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2019 with an increase in net position of \$1,050,954 compared to an increase of \$4,024,500 in fiscal year 2018.

The District received \$55,587,585 in revenue for the fiscal year 2019. The District relies primarily on property taxes (50.4% of total governmental revenues), and state equalization aid (24.0%) to fund governmental activities. The District received approximately 14.8% in the form of specific use state grants, federal aid and direct fees for services.

Individuals who directly participated or benefited from a program paid 7.7% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services.

Federal and state governments subsidized certain programs with grants and awards of \$3,930,179. Operating grants include Title I, IDEA, National School Lunch Programs, and State Special Education Aid.

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

REVENUES	Governmental Activities		
	2019	2018	% Change
Program revenues			
Charges for services	\$ 4,290	\$ 4,224	1.56%
Operating grants & contributions	3,930	3,940	-0.25%
General revenues			
Property taxes	28,030	28,049	-0.07%
General Aid	13,334	12,953	2.94%
Other	6,003	2,644	127.04%
<b>Total revenues</b>	<b>55,587</b>	<b>51,810</b>	<b>7.29%</b>
<b>EXPENSES</b>			
Instruction	24,555	24,851	-1.19%
Pupil and instructional services	4,255	3,912	8.77%
Administration and business	16,301	13,355	22.06%
Interest on debt	1,960	1,101	78.02%
Other	7,465	4,567	63.46%
<b>Total expenses</b>	<b>54,536</b>	<b>47,786</b>	<b>14.13%</b>
<b>Change in Net Position</b>	<b>\$ 1,051</b>	<b>\$ 4,024</b>	<b>-73.88%</b>

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2019

**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

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

The cost of all governmental activities this year was \$54,536,631. Individuals who directly participated or benefited from a program offering paid \$4,289,558 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,930,179. The net cost of governmental activities, \$46,316,894, was financed by \$28,030,440 of property taxes and \$13,333,953 of state equalization aid.

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

	Total Cost of Services	Net Cost of Services
<b>EXPENSES</b>		
Instruction	\$ 24,555	\$ (17,952)
Pupil and instructional services	4,255	(4,123)
Administration and business	16,301	(14,927)
Interest on debt	1,960	(1,960)
Other	7,465	(7,354)
<b>Total expenses</b>	<b>\$ 54,536</b>	<b>\$ (46,316)</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$70,834,349, up from last year's ending fund balance of \$11,463,165. The District's unassigned fund balance, available for spending at the district's discretion was \$7,643,929.

The General Fund is the chief operating fund of the District. During the current fiscal year, the general fund saw a fund balance increase of \$338,444.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

While the District's original budget for the general fund anticipated that revenues would exceed expenditures by \$1,087,757. The actual results for the year ended June 30, 2019 had expenditures and other financing uses in excess of revenues and other financing sources of \$338,444.

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2019

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the June 30, 2019, the District had \$84,914,269 in capital assets, including land, buildings, furniture and equipment. Total accumulated depreciation on these assets was \$27,287,601. Asset acquisitions for governmental activities totaled \$590,244. The District recognized depreciation expense of \$1,215,021. Detailed information about capital assets can be found in Note 5 to the financial statements.

**Table 5**  
**Capital Assets**  
*(in thousands of dollars)*

	<b>2019</b>	<b>2018</b>
Land	\$ 4,294	\$ 3,475
Buildings	73,887	73,887
Furniture and equipment	6,733	6,622
Accumulated depreciation	(27,288)	(26,488)
Net capital assets	\$ 57,626	\$ 57,496

**Long-Term Debt**

At June 30, 2019, the District had \$95,504,000 in general obligation debt outstanding—an increase of \$52,375,000 from fiscal year 2018. Debt of the District is secured by a tax levy adopted by the Board of Education at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. Detailed information about the District's long-term obligations is presented in Note 8 to the financial statements.

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

	<b>2019</b>	<b>2018</b>
General obligation debt	\$ 98,958	\$ 43,581
Compensated absences	1,033	1,041
Net other postemployment liability benefits - health insurance	8,242	5,819
Net other postemployment liability benefits - life insurance	701	752
Net supplemental pension liability	6,360	6,168
Net pension liability	5,107	-
Net long-term obligations	\$ 120,401	\$ 57,361

**MONONA GROVE SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

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**FACTORS BEARING ON THE DISTRICT'S FUTURE**

Currently known circumstances that will impact the District's financial status in the future are:

- The District continues to see growth in enrollment both in residential students as well as through the school choice program. Enrollment will continue to be monitored closely.
- During the 2018-2019 fiscal year the District passed a \$57 million referendum to issue debt to build a new elementary school in Cottage Grove among other facility upgrades and maintenance. The District issued this debt during the 2018-2019 fiscal year, but had not yet begun construction on the new building at fiscal year-end.
- The District passed a \$930,000 operational referendum to override the revenue limit on a recurring basis. The 2019-2020 fiscal year will be the first year in which the \$930,000 million will be available to the District to utilize
- The District revenue limit will continue to reflect the operational referendum passed in April of 2016 for \$2.6 million, this increase in revenue limits will expire after the 2020-2021 fiscal year.
- The second year of the state budget allocates an additional \$204 per pupil for a total of \$654 per pupil.
- Property valuation continues to increase for the District due to development.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Jerrud Rossing, Director of Business Services, at (608) 316-1916 or [jerrud.rossing@mgschools.net](mailto:jerrud.rossing@mgschools.net).

Additional information about the District and its services can also be found on the District's website at [www.mononagrove.org](http://www.mononagrove.org).

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 69,318,397
Accounts receivable	7,617,603
Due from other governments	2,415,037
Due from other funds	1,143,290
Prepaid expenses	632,698
Capital assets not being depreciated	4,294,187
Capital assets being depreciated, net	53,332,481
 Total assets	 138,753,693
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on refinancing	247,524
Related to pension	13,097,674
Related to other postemployment benefits - health insurance	1,703,108
Related to other postemployment benefits - life insurance	177,382
Related to supplemental pension	690,866
 Total deferred outflows of resources	 15,916,554
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	3,771,258
Short-term notes payable	6,000,000
Accrued interest	468,192
Unearned revenue	521,424
Noncurrent liabilities	
Due within one year	11,423,000
Due in more than one year	108,978,127
 Total liabilities	 131,162,001
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pension	7,086,524
Related to other postemployment benefits - health insurance	29,744
Related to other postemployment benefits - life insurance	187,420
Related to supplemental pension	143,098
 Total deferred inflows of resources	 7,446,786
<b>NET POSITION</b>	
Net investment in capital assets	15,097,086
Restricted	62,096,206
Unrestricted	(61,131,832)
 <b>Total net position</b>	 <b>\$ 16,061,460</b>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2019

	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES:</b>				
Instruction				
Regular instruction	\$ 15,909,625	\$ 3,047,055	\$ 997,829	\$ (11,864,741)
Vocational instruction	1,196,239	-	-	(1,196,239)
Physical instruction	1,174,314	-	17,494	(1,156,820)
Special education instruction	4,718,313	-	2,237,082	(2,481,231)
Other instruction	1,556,204	303,417	-	(1,252,787)
<b>Total instruction</b>	<b>24,554,695</b>	<b>3,350,472</b>	<b>3,252,405</b>	<b>(17,951,818)</b>
Support services				
Pupil services	2,192,358	-	-	(2,192,358)
Instructional staff services	2,062,618	-	131,758	(1,930,860)
General administrative services	1,360,013	-	-	(1,360,013)
Building administrative services	3,923,284	-	-	(3,923,284)
Business administrative services	11,017,822	828,119	546,016	(9,643,687)
Central services	1,753,848	-	-	(1,753,848)
Insurance and judgments	261,893	-	-	(261,893)
Other support services	5,449,664	110,967	-	(5,338,697)
Interest on debt	1,960,442	-	-	(1,960,442)
<b>Total support services</b>	<b>29,981,942</b>	<b>939,086</b>	<b>677,774</b>	<b>(28,365,082)</b>
<b>Total school district</b>	<b>\$ 54,536,637</b>	<b>\$ 4,289,558</b>	<b>\$ 3,930,179</b>	<b>(46,316,900)</b>
<b>GENERAL REVENUES</b>				
TAXES				
Property taxes, levied for general purposes				21,156,560
Property taxes, levied for debt service				6,488,879
Property taxes, levied for community service				385,001
FEDERAL AND STATE AID NOT RESTRICTED				
General (equalization aid)				13,333,953
Other				4,954,036
Interest and investment earnings				307,337
Gain on disposal of assets				607,522
Miscellaneous				134,560
Change in net position				1,050,948
Net position—beginning of year				15,010,512
<b>Net position—end of year</b>				<b>\$ 16,061,460</b>

See accompanying notes.



**MONONA GROVE SCHOOL DISTRICT**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
June 30, 2019

	General Fund	Debt Service Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 6,179,737	\$ 5,758,460	\$ 55,921,858	\$ 1,458,342	\$ 69,318,397
Accounts receivable	7,616,901	-	-	702	7,617,603
Due from other governments	2,348,300	-	-	66,737	2,415,037
Due from other funds	1,220,749	-	-	-	1,220,749
Prepaid expenses	622,272	-	-	10,426	632,698
<b>Total assets</b>	<b>\$ 17,987,959</b>	<b>\$ 5,758,460</b>	<b>\$ 55,921,858</b>	<b>\$ 1,536,207</b>	<b>\$ 81,204,484</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 215,591	\$ -	\$ -	\$ 18,152	\$ 233,743
Short-term notes payable	6,000,000	-	-	-	6,000,000
Accrued salaries and wages	2,154,252	-	-	291	2,154,543
Payroll taxes and withholdings	1,323,290	-	-	59,682	1,382,972
Due to other funds	10,161	67,298	-	-	77,459
Unearned revenues	14,720	-	-	506,704	521,424
<b>Total liabilities</b>	<b>9,718,014</b>	<b>67,298</b>	<b>-</b>	<b>584,829</b>	<b>10,370,141</b>
<b>FUND BALANCES</b>					
Nonspendable	622,272	-	-	10,426	632,698
Restricted	-	5,691,162	55,921,858	944,702	62,557,722
Unassigned	7,647,673	-	-	(3,750)	7,643,923
<b>Total fund balances</b>	<b>8,269,945</b>	<b>5,691,162</b>	<b>55,921,858</b>	<b>951,378</b>	<b>70,834,343</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,987,959</b>	<b>\$ 5,758,460</b>	<b>\$ 55,921,858</b>	<b>\$ 1,536,207</b>	<b>\$ 81,204,484</b>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE DISTRICT-WIDE STATEMENT OF NET POSITION**  
June 30, 2019

Total fund balances - governmental funds		\$ 70,834,343
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Cost of capital assets	84,914,269	
Accumulated depreciation	<u>(27,287,601)</u>	
Net capital assets		57,626,668
Certain items, including bonds payable, are not due and payable in the current period and therefore are not reported as assets or liabilities in the funds.		
Bonds, notes payable, and capital lease	(95,504,000)	
Accrued interest payable	(468,192)	
Compensated absences	(1,033,118)	
Net pension liability	(5,107,303)	
Deferred outflows related to pension	13,097,674	
Deferred inflows related to pension	(7,086,524)	
Net other postemployment benefits liability - health insurance	(8,242,349)	
Deferred outflows related to other postemployment benefits - health insurance	1,703,108	
Deferred inflows related to other postemployment benefits - health insurance	(29,744)	
Net other postemployment benefits liability - life insurance	(700,665)	
Deferred outflows related to other postemployment benefits - life insurance	177,382	
Deferred inflows related to other postemployment benefits - life insurance	(187,420)	
Net other postemployment benefits liability - supplemental pension	(6,359,832)	
Deferred outflows related to supplemental pension	690,866	
Deferred inflows related to supplemental pension	(143,098)	
Unamortized debt premium	(3,453,860)	
Loss on refinancing	<u>247,524</u>	
		<u>(112,399,551)</u>
Total net position - governmental activities		<u>\$ 16,061,460</u>

See accompanying notes.

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

	General Fund	Debt Service Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 22,890,724	\$ 6,488,879	\$ -	\$ 385,001	\$ 29,764,604
Local	748,339	76,123	94,541	951,881	1,870,884
Interdistrict payments	2,665,034	-	-	105,298	2,770,332
Intermediate sources	-	-	-	313,251	313,251
State	18,495,286	-	-	21,966	18,517,252
Federal	1,171,493	-	-	437,681	1,609,174
Other sources	78,598	-	-	55,962	134,560
<b>Total revenues</b>	<b>46,049,474</b>	<b>6,565,002</b>	<b>94,541</b>	<b>2,271,040</b>	<b>54,980,057</b>
<b>EXPENDITURES</b>					
Instruction					
Regular instruction	15,695,345	-	-	116,906	15,812,251
Vocational instruction	1,148,733	-	-	47,019	1,195,752
Physical instruction	1,147,109	-	-	146	1,147,255
Special education instruction	4,718,021	-	-	-	4,718,021
Other instruction	1,554,649	-	-	424	1,555,073
<b>Total instruction</b>	<b>24,263,857</b>	<b>-</b>	<b>-</b>	<b>164,495</b>	<b>24,428,352</b>
Support services					
Pupil services	2,191,451	-	-	-	2,191,451
Instructional staff services	1,704,222	-	-	357,706	2,061,928
General administrative services	1,059,644	-	-	133,149	1,192,793
Building administrative services	3,703,631	-	-	192,540	3,896,171
Business administrative services	7,625,394	-	1,257,209	1,250,398	10,133,001
Central services	1,749,400	-	-	4,448	1,753,848
Insurance and judgments	261,893	-	-	-	261,893
Other support services	2,378,699	-	-	375,478	2,754,177
<b>Total support services</b>	<b>20,674,334</b>	<b>-</b>	<b>1,257,209</b>	<b>2,313,719</b>	<b>24,245,262</b>
Capital outlay	1,309,289	-	-	100,201	1,409,490
Debt service					
Principal	-	4,625,000	-	-	4,625,000
Interest and fees	149,155	1,545,663	-	-	1,694,818
<b>Total expenditures</b>	<b>46,396,635</b>	<b>6,170,663</b>	<b>1,257,209</b>	<b>2,578,415</b>	<b>56,402,922</b>
Excess (deficiency) of revenues over (under) expenditures	(347,161)	394,339	(1,162,668)	(307,375)	(1,422,865)
Other financing sources (uses)					
Long term debt issued	-	-	57,000,000	-	57,000,000
Premium on debt issuance	14,585	3,108,438	-	-	3,123,023
Proceeds from sale of capital assets	671,020	-	-	-	671,020
<b>Total other financing sources (uses)</b>	<b>685,605</b>	<b>3,108,438</b>	<b>57,000,000</b>	<b>-</b>	<b>60,794,043</b>
<b>Net change in fund balances</b>	<b>338,444</b>	<b>3,502,777</b>	<b>55,837,332</b>	<b>(307,375)</b>	<b>59,371,178</b>
Fund balances—beginning of year	7,931,501	2,188,385	84,526	1,258,753	11,463,165
<b>Fund balances—end of year</b>	<b>\$ 8,269,945</b>	<b>\$ 5,691,162</b>	<b>\$ 55,921,858</b>	<b>\$ 951,378</b>	<b>\$ 70,834,343</b>

See accompanying notes.

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

Net change in fund balances—total governmental funds		\$ 59,371,178
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>		
Capital outlay reported in governmental fund statements	\$ 1,409,490	
Depreciation expense reported in the statement of activities	(1,215,021)	
Net book value of assets disposed of	<u>(63,498)</u>	
		130,971
<p>Bond, note and capital lease proceeds and premiums are reported as financing sources in governmental funds and contribute to the change in fund balance. In the statement of net position issuing debt increases long-term liabilities and does not affect the statement of activities.</p>		
		(60,123,023)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Bonds and notes		4,625,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Increase in accrued interest payable	(304,086)	
Amortization of premium on issuance of debt	120,970	
Amortization of loss on refunding	(82,508)	
Net increase in pension expense	(1,872,982)	
Net increase in net other postemployment benefits liability - health insurance	(769,741)	
Net increase in net other postemployment benefits liability - life insurance	(79,909)	
Net decrease in net supplemental pension liability	27,145	
Net decrease in compensated absences	<u>7,927</u>	
		<u>(2,953,184)</u>
Change in net position of governmental activities		<u><u>\$ 1,050,942</u></u>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2019

	Private Purpose Trust	Employee Benefit Trust	Agency
<b>ASSETS</b>			
Cash and investments	\$ 500	\$ 3,071,743	\$ 251,790
Due from other funds	-	-	10,161
<b>Total assets</b>	<b>\$ 500</b>	<b>\$ 3,071,743</b>	<b>\$ 261,951</b>
<b>LIABILITIES</b>			
Due to student organizations	\$ -	\$ -	\$ 261,951
Due to other funds	-	1,153,451	-
Total liabilities	-	1,153,451	<b>\$ 261,951</b>
<b>NET POSITION</b>			
Restricted	<b>\$ 500</b>	<b>\$ 1,918,292</b>	
<b>Total liabilities and net position</b>	<b>\$ 500</b>	<b>\$ 3,071,743</b>	

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2019

	Private Purpose Trust	Employee Benefit Trust
<b>ADDITIONS</b>		
Contributions	\$ 500	\$ 1,507,135
Investment earnings	-	71,293
Total additions	500	1,578,428
<b>DEDUCTIONS</b>		
Scholarships	500	-
Other postemployment benefits	-	2,024,215
Total deductions	500	2,024,215
Change in net position	-	(445,787)
Net position—beginning of year	500	2,364,079
<b>Net position—end of year</b>	<b>\$ 500</b>	<b>\$ 1,918,292</b>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

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

**Basis of Presentation**

*District-Wide Financial Statements*

The statement of net position and statement of activities present financial information about the District as a whole. They include all funds of the District except for fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely on fees and charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect costs.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

*Fund Financial Statements*

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

The District reports the following major governmental funds:

**General Fund**

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

**Debt Service Fund**

Debt service funds are used to accumulate resources for the payment of general long-term debt principal, interest, and related costs.

**Capital Projects Fund**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The District reports the following nonmajor governmental funds:

**Special Revenue Funds**

Special revenue funds are used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The District reports the Nutrition Services Fund, the Special Revenue Gift Fund, the Community Service Fund, and the Co-operative Program as special revenue funds.

Additionally, the District reports the following fund types:

**Private-Purpose Trust Fund**

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



**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Employee Benefit Trust Fund**

Employee benefit trust funds are used to account for resources legally held in trust for the District's postemployment health insurance benefits.

**Agency Fund**

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

**Measurement Focus and Basis of Accounting**

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**Cash and Investments**

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

The District has adopted an investment policy which permits all investments authorized under state statutes as described above.

**Receivables and Payables**

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

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

**Inventories and Prepaid Items**

Inventories are recorded at cost based on the first-in, first-out method using the consumption method of accounting. Inventories in the governmental fund types are recorded as expenditures when consumed rather than when purchased. Donated United States Department of Agriculture (USDA) commodities are recorded as revenues and assets in the school nutrition services at the fair value when originally donated by the USDA. When used by the schools, the commodities are expensed and the related assets are reduced.

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

**Capital Assets**

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

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

<u>Assets</u>	<u>Years</u>
Site improvements	7-50
Buildings	7-50
Furniture and equipment	5-20
Computer and related technology	5

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Deferred Outflows/Inflows of Resources**

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide financial statements.

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

**Compensated Absences and Other Employee Benefit Amounts**

District employees are granted vacation, compensatory time, and sick leave benefits in varying amounts in accordance with district policies. In the event of retirement, death or resignation of an employee, the District is obligated to pay for unused vacation and sick leave benefits not to exceed a maximum amount. All compensated absences are accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

**Pension**

*WRS*

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

*Supplemental Pension*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension, and pension expense, information about the fiduciary net position of the supplemental pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. No assets were accumulated in a trust as of the measurement date.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Other Postemployment Benefits Other Than Pensions (OPEB)**

*Local Retiree Life Insurance Fund*

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

*Health Insurance*

Administrators with a minimum of 10 years of service in the District and 20 years in education are eligible for the same medical premium contributions as active employee for a period of 8 years after retirement.

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

**Long-Term Obligations**

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

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

**Claims and Judgments**

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Net Position**

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

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

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

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

**Fund Balance**

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

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

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

*Committed*—Resources that can only be used for specific purposes as the result of a formal action approval of a resolution, by the Board of Education. Any changes in the constraints imposed require the same formal action, approval of a resolution, by the Board of Education that originally created the commitment.

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

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

**Use of Restricted Resources**

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described on page 22.

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

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

NOTE 2—CASH AND INVESTMENTS

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

	<u>Statement Balance</u>	<u>Carrying Value</u>	<u>Risk</u>
Cash on hand	\$ 3,167	\$ 3,167	
Deposits with financial institutions	2,495,444	2,455,708	Custodial credit
Investments	1,582,465	1,582,465	Credit and interest rate
Wisconsin Investment Series Cooperative	<u>69,363,198</u>	<u>68,601,090</u>	Credit and interest rate
	<u>\$ 73,444,274</u>	<u>\$ 72,642,430</u>	

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

Governmental funds	\$ 69,318,397
Private purpose trust	500
Employee benefit trust	3,071,743
Agency fund	<u>251,790</u>
	<u>\$ 72,642,430</u>

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 2—CASH AND INVESTMENTS (continued)

*Custodial Credit Risk*

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited for non-interest bearing accounts. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, 2019, \$566,927 of the District's deposits with financial institutions were uninsured and uncollateralized. The District does not have a custodial risk policy for deposits.

PMA Financial Network is the administrator and investment manager for Wisconsin Investment Series Cooperative (WISC). The WISC is not registered with the Securities and Exchange Commission but invests in funds in accordance with applicable Wisconsin statutes. The WISC is not rated. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2019, the District's share of the WISC's assets was substantially equal to the amount reported on page 28. The District is subject to market risk and credit risk through its investment in WISC.

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. As of June 30, 2019, Wisconsin Investment Series Cooperative (WISC) investments have a maturity of 12 months or less.

*Concentration of Credit Risk*

The District does not have a policy for concentration of credit risk. The District has the following investments that represent 5% or more of the total investments:

Vanguard Ftse Developed Markets ETF	\$	145,985
Vanguard Index FDS S&P 500		186,790
Vanguard Index Fds Vanguard Value		161,610
Vanguard Bd Index Fd Inc Short Term Bd ETF		477,785
Vanguard Bd Index Fd Inc Total Bd Market ETF		161,654
Ishares JP Morgan USD Emerging MKTs BD ETF		127,111



**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 2—CASH AND INVESTMENTS (continued)**

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

The district has the following recurring fair value measurements as of June 30, 2019 measured at quoted prices in active markets for identical assets (Level 1):

Fixed income securities	\$	797,039
Equity funds		726,425
Cash equivalents		<u>59,000</u>
 Total investments	 \$	 <u><u>1,582,464</u></u>

**NOTE 3—INTERFUND PAYABLES AND TRANSFERS**

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts the general fund as debt service payments come due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable fund	Payable fund	Amount
General fund	Employee Trust Fund	\$ 1,153,451
Student activities	General fund	10,161
General fund	Debt Service	<u>67,298</u>
		 <u><u>\$ 1,230,910</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 4—LIMITATION OF SCHOOL DISTRICT REVENUES**

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either a resolution of the Board of Education or by a referendum prior to August 12, 1993, or referendum on or after August 12, 1993.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 5—CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 3,474,941	\$ 819,246	\$ -	\$ 4,294,187
Capital assets being depreciated				
Building	73,887,137	-	-	73,887,137
Equipment	<u>6,621,794</u>	<u>590,244</u>	<u>479,093</u>	<u>6,732,945</u>
Total capital assets being depreciated	80,508,931	590,244	479,093	80,620,082
Less accumulated depreciation	<u>26,488,175</u>	<u>1,215,021</u>	<u>415,595</u>	<u>27,287,601</u>
Total capital assets being depreciated-net	<u>54,020,756</u>	<u>(624,777)</u>	<u>63,498</u>	<u>53,332,481</u>
Capital assets - net	<u>\$ 57,495,697</u>	<u>\$ 194,469</u>	<u>\$ 63,498</u>	<u>\$ 57,626,668</u>

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

Regular instruction	\$ 97,374
Vocational instruction	487
Physical instruction	27,059
Special education instruction	292
Other instruction	1,131
Pupil services	907
Instructional staff services	690
General administrative services	167,220
Building administrative services	27,113
Business administrative services	<u>892,748</u>
Total depreciation	<u>\$ 1,215,021</u>

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 6—UNEARNED REVENUE**

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the components of unearned revenue reported in the governmental funds were as follows:

Student fees	\$	14,720
Student meal deposits		114,215
Cooperative program		392,489
	<b>\$</b>	<b>521,424</b>

**NOTE 7—SHORT TERM DEBT ACTIVITY**

The District issues short-term notes payable for working capital and operational cash flow needs pending receipt of the District's equalization aid allocations from the state government. A note was issued in September 2018 and matures October 18, 2019, with an interest rate of 3.0%. Interest for the year ended June 30, 2019 was \$149,155.

Short-term notes payable for the year ended June 30, 2019 was as follows:

Balance 6/30/18	Additions	Payments	Balance 6/30/19
\$ 3,500,000	\$ 6,000,000	\$ 3,500,000	\$ 6,000,000

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 8—LONG-TERM OBLIGATIONS**

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

	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Due Within One Year
General obligation debt					
General obligation bonds	\$ 38,930,000	\$ 57,000,000	\$ 2,240,000	\$ 93,690,000	\$ 9,609,000
General obligation notes	4,199,000	-	2,385,000	1,814,000	1,814,000
Unamortized premium	451,807	3,108,438	106,385	3,453,860	-
Total general obligation debt	43,580,807	60,108,438	4,731,385	98,957,860	11,423,000
Other Liabilities					
Net pension liability	-	5,107,303	-	5,107,303	-
Net other postemployment liability benefits - health insurance	5,819,012	2,423,337	-	8,242,349	-
Net other postemployment liability benefits - life insurance	752,476	-	51,811	700,665	-
Net supplemental pension liability	6,168,480	191,352	-	6,359,832	-
Accrued Compensated absences	1,041,045	-	7,927	1,033,118	-
Total other liabilities	13,781,013	7,721,992	59,738	21,443,267	-
Total long-term liabilities	<u>\$ 57,361,820</u>	<u>\$ 67,830,430</u>	<u>\$ 4,791,123</u>	<u>\$ 120,401,127</u>	<u>\$ 11,423,000</u>

Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2019 was \$975,663 and \$1,284,779, respectively.

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the Debt service fund.

The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,181,494,597. Wisconsin State Statute 67.03 limits total general obligation indebtedness of the District to ten percent of the equalized value of taxable property within the District's jurisdiction. The legal debt limit, as of June 30, 2019 was as follows:

Debt limit (10% of \$2,181,494,597)	\$ 218,149,460
Less: long-term debt applicable to debt margin:	<u>95,504,000</u>
Margin of indebtedness:	<u>\$ 122,645,460</u>

The District issued Qualified School Construction Bonds (QSCB) in a prior year. The QSCB program provides the District with an opportunity to save on interest costs associated with financing school renovations and new construction. The Internal Revenue Service provides tax credits to the holders of QSCB bonds in lieu of interest.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 8—LONG-TERM OBLIGATIONS (continued)**

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

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 6/30/19
G.O. notes (QSCB)	9/18/2009	0.00%	9/15/2019	\$ 729,000	\$ 214,000
G.O. refunding bonds	4/1/2011	2.25%-3.50%	5/1/2022	3,795,000	1,545,000
G.O. refunding bonds	3/14/2012	2.50%	5/1/2026	9,995,000	9,145,000
G.O. bonds	3/20/2013	1.00%	5/1/2024	3,860,000	3,655,000
G.O. refunding bonds	3/20/2013	1.00%	5/1/2028	6,135,000	6,135,000
G.O. refunding bonds	5/14/2014	2.00%	5/1/2023	4,270,000	4,025,000
G.O. school improvement bonds	5/14/2014	3.00%	5/1/2034	5,730,000	5,730,000
G.O. notes	4/15/2015	1.00%-2.00%	5/1/2019	10,000,000	-
G.O. refunding bonds	5/1/2015	3.00%-4.00%	5/1/2035	2,040,000	2,040,000
G.O. refunding bonds	3/29/2016	2.00%	5/1/2022	8,110,000	4,415,000
G.O. notes (TAN)	12/5/2017	1.79%	5/1/2020	1,600,000	1,600,000
G.O. school improvement bonds	5/6/2019	3.00%-4.00%	5/1/2039	57,000,000	57,000,000
					<u>\$ 95,504,000</u>

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

Year Ended June 30	G.O. Debt Principal	G.O. Debt Interest	Total
2020	\$ 9,609,000	\$ 2,860,772	\$ 12,469,772
2021	4,225,000	2,617,503	6,842,503
2022	4,235,000	2,516,715	6,751,715
2023	4,500,000	2,418,530	6,918,530
2024	4,555,000	2,326,355	6,881,355
2025-2029	20,520,000	10,270,913	30,790,913
2030-2034	22,560,000	5,836,447	28,396,447
2035-2039	25,300,000	2,558,515	27,858,515
	<u>\$ 95,504,000</u>	<u>\$ 31,405,750</u>	<u>\$ 126,909,750</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new debt in an irrevocable trust to provide for the future debt service payments on the old debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019 \$20,375,000 of debt outstanding is considered defeased.

**NOTE 9—EMPLOYEE'S RETIREMENT SYSTEM**

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 9—EMPLOYEE'S RETIREMENT SYSTEM (continued)

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/publication/cafr.htm>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

**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.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

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

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

During the reporting period, the WRS recognized \$1,519,988 contributions from the employer which equaled required contributions.

Contribution rates as of December 31, 2018 are as follows:

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

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

At June 30, 2019, the District reported a liability of \$5,107,303 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. At

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

December 31, 2018, the District’s proportion was 0.1435688% which was an increase of 0.00568052% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,872,982.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 3,977,815	\$ 7,031,348
Net differences between projected and actual earnings on pension plan investments	7,458,867	-
Changes in assumptions	860,904	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	55,176
Employer contributions subsequent to the measurement date	800,088	-
<b>Total</b>	<b>\$ 13,097,674</b>	<b>\$ 7,086,524</b>

\$800,088 reported as deferred outflows related to pension resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

2020		\$ 1,887,952
2021		463,798
2022		823,220
2023		2,036,092
		<b>\$ 5,211,062</b>



**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

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

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

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

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

<u>Core Fund Asset Class</u>	Current Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
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
<b>Total core fund</b>	<b>110%</b>	<b>7.3%</b>	<b>4.7%</b>
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30	8.5	5.9
<b>Total variable fund</b>	<b>100%</b>	<b>8.0%</b>	<b>5.4%</b>

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

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
The District’s proportionate share of net pension liability	\$ 20,296,960	\$ 5,107,303	\$ (6,187,383)

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

NOTE 10—OTHER POST-EMPLOYMENT BENEFITS

*Local Retiree Life Insurance Fund*

**Plan description** The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides 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 December 31, 2018 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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (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**

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
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 \$5,231 in contributions from the District.

**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 of \$700,665 or its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.27154000%, which was an increase of 0.02143000% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$79,910.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 35,544
Net differences between projected and investment earnings on plan investments	16,745	-
Changes in actuarial assumptions	66,854	151,876
Changes in proportion and differences between employer contributions and proportionate share of contributions	91,167	-
Employer contributions subsequent to the measurement date	2,616	-
Total	\$ 177,382	\$ 187,420

\$2,616 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 in the year ended June 30, 2020. 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 ended June 30:	
2020	\$ 1,780
2021	1,780
2022	1,780
2023	(571)
2024	(2,994)
2025	(11,326)
2026	(3,103)
	\$ (12,654)

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (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:	December 31, 2018
Actuarial Cost Method:	Entry age normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1 - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

**Long-term expected Return on Plan Assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). 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.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (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 to changes in the discount rate.** The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 4.22 percent, as well as what the District's proportionate share of the net OPEB liability 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:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
The District's proportionate share of net OPEB liability	\$ 996,742	\$ 700,665	\$ 472,308

**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>.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (continued)

*Health Insurance*

**Plan Description**

*Plan Administration.* The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree plan that provides postemployment health insurance benefits to retiree's at least age 55 with a minimum of 10 years of service and subject to the rule of 70 (Upon retirement, the District will contribute the same benefit level and premium percentages of the medical and dental premiums at the time of the retiree's last semester of teaching in the District until age 70). Benefits and eligibility are established and amended by the Board of Education.

*Plan Membership.* At June 30, 2018, the date of the latest actuarial valuation, there were no active plan members and 107 inactive plan members receiving OPEB benefits. The Plan is closed to new entrants.

*Contributions.* There is no requirement for any employee or employer contributions for funding of the plan. During the reporting period, the District did not make any contributions to the Trust.

**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 that date.

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

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2018
Reporting Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal (level percent of salary)
Medical care trend	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.00%, and level thereafter.
Discount Rate:	3.75%
Inflation:	2.5%
Actuarial assumptions	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-
Mortality assumptions	Wisconsin 2012 Mortality Table.

The actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.



**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (continued)

*Discount Rate.* The discount rate of 3.75% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 3.75%). This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/2018</b>	\$ 8,921,764	\$ 3,102,752	\$ 5,819,012
<b>Changes for the year:</b>			
Interest	291,609	-	291,609
Differences between expected and actual experience	(33,049)	-	(33,049)
Changes of assumptions or other input	529,403	-	529,403
Net investment income	-	21,265	(21,265)
Benefit payments	(1,180,170)	(1,180,170)	-
Adjustment	-	(1,656,639)	1,656,639
<b>Net changes</b>	<u>(392,207)</u>	<u>(2,815,544)</u>	<u>2,423,337</u>
<b>Balances at 6/30/2019</b>	<u>\$ 8,529,557</u>	<u>\$ 287,208</u>	<u>\$ 8,242,349</u>

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

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Total OPEB liability	\$ 8,913,602	\$ 8,529,557	\$ 8,170,943
Fiduciary net position	287,208	287,208	287,208
Net OPEB liability	<u>\$ 8,626,394</u>	<u>\$ 8,242,349</u>	<u>\$ 7,883,735</u>

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (continued)

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

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	\$ 8,164,556	\$ 8,529,557	\$ 8,928,613
Fiduciary net position	287,208	287,208	287,208
Net OPEB liability	<u>\$ 7,877,348</u>	<u>\$ 8,242,349</u>	<u>\$ 8,641,405</u>

**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 \$769,741. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 29,744
Changes in assumptions	476,463	-
Net differences between projected and actual earnings on OPEB plan investments	73,194	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	<u>1,153,451</u>	<u>-</u>
Total	<u>\$ 1,703,108</u>	<u>\$ 29,744</u>

\$1,153,451 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, 2020.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Year ended June 30:

2020	\$	69,169
2021		69,169
2022		69,169
2023		64,227
2024		49,635
Thereafter		198,544
	\$	519,913

NOTE 11—SUPPLEMENTAL PENSION BENEFITS

**General Information about the Supplemental Pension Plan**

*Plan Description.* Qualifying Administrators and Teachers are provided with a stipend/supplemental pension. This stipend is a single employer defined benefit pension plan administered by the District. Supplemental pension benefits are funded on a pay as you go basis. There are no assets accumulated in a trust.

*Plan Membership.* At June 30, 2018, the date of the last actuarial valuation, there were approximately 63 active plan members and 18 inactive plan members currently receiving benefits.

*Benefits Provided.* The District provided eligible Tier 1 Teachers retiring by the end of 2015-2016 with 403(b) contributions upon their retirement. These contributions were based upon the retiree's highest annual salary amount less their monthly/annual expected Social Security benefit at age 62. The 403(b) contributions are paid out monthly over a number of years based on the retiree's retirement age. A Teacher who retired at age 62 or older did not receive any 403(b) payment/contribution.

Teachers in Tier 2 who are eligible to retire between the 2016-2017 and 2026-2027 school years will receive monthly 403(b) contributions from the District upon retirement in an amount and duration based upon the year they first become eligible to retire. Teachers in Tier 1 who did not retire by the end of the 2015-2016 year will automatically become eligible for the Tier 2 benefit and are guaranteed the maximum benefit amount. Teachers in Tier 2 who do not retire by 2027 are guaranteed the amount for which they were eligible had they retired in Tier 2.

*Contributions.* Contributions are determined by an annual actuarial valuation. The actuarially determined contribution is comprised of the service cost plus the portion of the net pension liability to be amortized in the valuation year. The District is not contractually required to make a contribution to the Trust. During the reporting period, the District did not make any contributions.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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NOTE 11—SUPPLEMENTAL PENSION BENEFITS (continued)

**Net OBEB Liability**

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

*Actuarial Assumptions.* The actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis.

Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the total pension liability. The assumptions are detailed as follows:

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2018
Reporting Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal
Discount Rate:	3.75%
Municipal bond rate source	Bond buyer 20-bond go index
Inflation:	2.5%
Actuarial assumptions	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-
Mortality assumptions	Wisconsin 2012 Mortality Table.

Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

*Discount Rate.* A discount rate of 3.75% was used to measure the supplemental pension liability. This discount rate was based on the Bond Buyer Go 20-year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period. Based on those assumptions, the supplemental pension plan's fiduciary net position was projected to be available to make all projected supplemental pension payments for current active and inactive employees. Therefore, the long-term expected rate of return on supplemental pension plan investments was applied to all periods of projected benefit payments to determine the total supplemental pension liability.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 11—SUPPLEMENTAL PENSION BENEFITS (continued)

**Changes in Net Supplemental Pension Liability**

	Net Supplemental Pension Liability
<b>Balances at 6/30/2018</b>	\$ 6,168,480
<b>Changes for the year:</b>	
Service Cost	299,309
Interest	213,283
Differences between expected and actual experience	184,525
Changes of assumptions or other input	(57,085)
Benefit payments	(448,680)
<b>Net changes</b>	191,352
<b>Balances at 6/30/2019</b>	\$ 6,359,832

*Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate.* The following presents the District's net supplemental pension liability calculated using the discount rate of 3.75 percent, as well as what the District's net supplemental liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Total Pension Liability	\$ 6,625,609	\$ 6,359,832	\$ 6,097,513

**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 net pension liability of \$6,359,832. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

NOTE 11—SUPPLEMENTAL PENSION BENEFITS (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$27,145. At June 30, 2019, the District reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 153,771	\$ -
Changes in assumptions	-	143,098
District contributions subsequent to the measurement date	537,095	-
Total	\$ 690,866	\$ 143,098

\$537,095 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Year ended June 30:

2020	\$ (2,642)
2021	(2,642)
2022	(2,642)
2023	(2,641)
2024	21,240
	\$ 10,673

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 12—GOVERNMENTAL ACTIVITIES NET POSITION**

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

Net investment in capital assets	\$ 15,097,086
Restricted	
Debt service	5,222,970
Capital projects	55,921,858
Donor restrictions	60,622
Nutrition services	612,856
Community Service	<u>277,900</u>
Total restricted	62,096,206
Unrestricted	<u>(61,131,832)</u>
Total governmental activities net position	<u><u>\$ 16,061,460</u></u>

**NOTE 13—GOVERNMENTAL FUND BALANCES**

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

Nonspendable	
Prepaid expenses	\$ 632,698
Restricted	
Debt service	5,691,162
Capital projects	55,921,858
Donor restricted	60,622
Nutrition services	608,964
Community service	<u>275,116</u>
Total restricted	62,557,722
Unassigned	<u>7,643,923</u>
Total governmental fund balance	<u><u>\$ 70,834,343</u></u>

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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**NOTE 14—RISK MANAGEMENT**

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

**NOTE 15—COMMITMENTS AND CONTINGENCIES**

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

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



**REQUIRED SUPPLEMENTARY INFORMATION**

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND**  
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 21,156,559	\$ 21,156,560	\$ 22,890,724	\$ 1,734,164
Local	609,675	831,314	748,339	(82,975)
Interdistrict payments	2,707,720	2,600,000	2,660,317	60,317
State	16,777,738	17,000,000	17,027,944	27,944
Federal	291,006	400,000	406,462	6,462
Other sources	120,000	53,331	78,598	25,267
Total revenues	41,662,698	42,041,205	43,812,384	1,771,179
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	17,518,410	17,518,410	16,941,713	576,697
Vocational instruction	1,126,999	1,126,999	1,148,733	(21,734)
Physical instruction	1,120,838	1,120,838	1,147,109	(26,271)
Special education instruction	-	-	-	-
Other instruction	1,568,907	15,000	1,554,649	(1,539,649)
Total instruction	21,335,154	19,781,247	20,792,204	(1,010,957)
Support services				
Pupil services	1,176,666	1,407,559	1,219,285	188,274
Instructional staff services	1,216,298	1,216,298	1,295,186	(78,888)
General administrative services	934,225	934,225	1,059,644	(125,419)
Building administrative services	2,878,632	2,878,632	3,703,631	(824,999)
Business administrative services	5,723,602	5,723,602	7,127,344	(1,403,742)
Central services	1,384,590	1,384,590	1,743,466	(358,876)
Insurance and judgments	281,115	281,115	261,893	19,222
Other support services	1,078,148	1,888,150	1,995,658	(107,508)
Total support services	14,673,276	15,714,171	18,406,107	(2,691,936)
Debt service				
Interest and fees	100,000	361,637	149,155	212,482
Total expenditures	36,108,430	35,857,055	39,347,466	(3,490,411)
Excess of revenues over expenditures	5,554,268	6,184,150	4,464,918	(1,719,232)
Other financing sources (uses)				
Premium on issuance of debt	-	-	14,585	14,585
Proceeds from sale of assets	10,000	13,000	671,020	658,020
Transfers in (out)	(4,476,511)	(5,517,898)	(4,812,079)	705,819
Total other financing sources (uses)	(4,466,511)	(5,504,898)	(4,126,474)	1,378,424
<b>Net change in fund balances</b>	1,087,757	679,252	338,444	(340,808)
Fund balances—beginning of year	8,136,303	8,136,303	7,931,501	(204,802)
<b>Fund balances—end of year</b>	<b>\$ 9,224,060</b>	<b>\$ 8,815,555</b>	<b>\$ 8,269,945</b>	<b>\$ (545,610)</b>

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
**EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS**  
**AND GAAP REVENUES AND EXPENDITURES**  
Year Ended June 30, 2019

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**SOURCES/ INFLOWS OF RESOURCES:**

Actual General Fund operating revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 43,812,384
Reclassification:	
Special Education Fund revenues are included in the General Fund, required for GAAP reporting	<u>2,237,090</u>
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	<u>\$ 46,049,474</u>

**USES/ OUTFLOWS OF RESOURCES:**

Actual general fund expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 39,347,466
Reclassifications:	
Special Education Fund expenditures are included in the General Fund, required for GAAP reporting	<u>7,049,169</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds	<u>\$ 46,396,635</u>

See accompanying notes to required supplementary information.

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS\*

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2014	0.131065%	\$ (3,219,319)	\$ 18,318,844	-17.57%	103.00%
12/31/2015	0.130935%	2,127,664	18,533,379	11.48%	98.20%
12/31/2016	0.133030%	1,096,488	19,901,262	5.51%	99.12%
12/31/2017	0.137876%	(4,093,712)	21,537,571	-19.01%	102.93%
12/31/2018	0.143557%	5,107,303	22,682,029	22.52%	96.45%

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

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

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 1,282,542	\$ 1,282,542	\$ -	\$ 17,003,562	7.54%
6/30/2016	1,261,720	1,261,720	-	17,262,429	7.31%
6/30/2017	1,313,488	1,313,488	-	18,805,070	6.98%
6/30/2018	1,464,556	1,464,556	-	20,168,909	7.26%
6/30/2019	1,519,988	1,519,988	-	21,253,121	7.15%

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

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**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 Payroll (Plan Year)	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2017	0.250110%	\$ 752,476	\$ 10,517,841	7.15%	44.81%
12/31/2018	0.271540%	\$ 700,665	\$ 15,706,000	4.46%	48.69%

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

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB Liability</b>			
Interest	\$ 291,609	\$ 292,111	\$ 328,838
Differences between expected and actual experience	(33,049)	-	-
Changes in assumptions or other input	529,403	(191,245)	-
Benefit payments	<u>(1,180,170)</u>	<u>(1,832,278)</u>	<u>(1,273,853)</u>
Net Change in OPEB Liability	(392,207)	(1,731,412)	(945,015)
Total OPEB liability - beginning	<u>8,921,764</u>	<u>10,653,176</u>	<u>11,598,191</u>
Total OPEB liability - ending (a)	<u>\$ 8,529,557</u>	<u>\$ 8,921,764</u>	<u>\$ 10,653,176</u>
<b>Total Fiduciary Net Position</b>			
Contributions - Employer	\$ -	\$ 1,421,352	\$ 1,311,256
Net investment income	21,265	87,998	25,179
Benefit payments	(1,180,170)	(1,832,278)	(1,273,853)
Adjustment*	<u>(1,656,639)</u>	<u>-</u>	<u>-</u>
Net change in fiduciary net position	(2,815,544)	(322,928)	62,582
Fiduciary net position - beginning	<u>3,102,752</u>	<u>3,425,680</u>	<u>3,363,098</u>
Fiduciary net position - ending (b)	<u>\$ 287,208</u>	<u>\$ 3,102,752</u>	<u>\$ 3,425,680</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 8,242,349</u>	<u>\$ 5,819,012</u>	<u>\$ 7,227,496</u>
Fiduciary net position as a percentage of the total OPEB liability	3.37%	34.78%	32.16%
Covered payroll	\$ 22,006,622	-	-
Net OPEB liability as a percentage of covered payroll	37.45%	N/A	N/A

\*It was discovered that the District's Fund 73 is not funded solely for the OPEB plan. Rather, the District has also been using the trust for their actively-funded benefit plan. This adjustment helps align the end of year balance with the monies specifically earmarked for the OPEB plan as of June 30, 2018.

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF TOTAL SUPPLEMENTAL PENSION LIABILITY**  
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability	\$ 6,359,832	\$ 6,168,480	\$ 6,285,504
The District's covered-employee payroll	\$ 3,910,064	\$ 4,586,763	\$ 4,586,763
Total supplemental pension liability as a percentage of covered-employee payroll	162.65%	134.48%	137.04%

\*The amounts presented were determined as of a measurement date 12 months prior year end.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN TOTAL SUPPLEMENTAL PENSION LIABILITY**  
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Net supplemental pension liability - beginning</b>	\$ 6,168,480	\$ 6,285,504	\$ 6,131,022
<b>Changes for the year</b>			
Service Cost	299,309	320,865	320,865
Interest	213,283	186,167	183,495
Differences between expected and actual experience	184,525	-	-
Changes of assumptions or other input	(57,085)	(143,291)	-
Benefit payments	(448,680)	(480,765)	(349,878)
<b>Net changes</b>	<u>191,352</u>	<u>(117,024)</u>	<u>154,482</u>
<b>Net supplemental pension liability - ending</b>	<u>\$ 6,359,832</u>	<u>\$ 6,168,480</u>	<u>\$ 6,285,504</u>

\*The amounts presented were determined as of a measurement date 12 months prior year end.

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2019

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**NOTE 1—BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1 to the financial statements. Reported budget amounts are as amended by Board of Education resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

**NOTE 2—SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM**

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

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

**NOTE 3—SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – LIFE INSURANCE**

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

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

**NOTE 4—SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – HEALTH CARE**

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

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



**MONONA GROVE SCHOOL DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2019

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NOTE 5—SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Methods and assumptions used to determine OPEB contribution rates:

Actuarial Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2018
Reporting Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal (level percent of salary)
Medical care trend	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.00%, and level thereafter.
Discount Rate:	3.75%
Inflation:	2.5%
Actuarial assumptions	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-
Mortality assumptions	Wisconsin 2012 Mortality Table.

NOTE 6—SCHEDULE OF NET SUPPLEMENTAL PENSION LIABILITY

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

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

There are no assets accumulated in a trust.

**OTHER SUPPLEMENTARY INFORMATION**

**MONONA GROVE SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—GENERAL GOVERNMENTAL FUNDS**  
June 30, 2019

	General Operating Fund	Special Education Fund	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 6,179,737	\$ -	\$ 6,179,737
Accounts receivable	7,616,901	-	7,616,901
Due from other governments	1,716,896	631,404	2,348,300
Due from other funds	1,220,749	-	1,220,749
Prepaid expenditures	568,482	53,790	622,272
<b>Total assets</b>	<b>\$ 17,302,765</b>	<b>\$ 685,194</b>	<b>\$ 17,987,959</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 169,663	\$ 45,928	\$ 215,591
Short-term notes payable	6,000,000	-	6,000,000
Accrued salaries and wages	1,833,101	321,151	2,154,252
Payroll taxes and withholdings	1,005,175	318,115	1,323,290
Due to other funds	10,161	-	10,161
Unearned revenues	14,720	-	14,720
<b>Total liabilities</b>	<b>9,032,820</b>	<b>685,194</b>	<b>9,718,014</b>
<b>FUND BALANCES</b>			
Nonspendable	568,482	53,790	622,272
Unassigned	7,701,463	(53,790)	7,647,673
<b>Total fund balances</b>	<b>8,269,945</b>	<b>-</b>	<b>8,269,945</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,302,765</b>	<b>\$ 685,194</b>	<b>\$ 17,987,959</b>

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

	General Operating Fund	Special Education Fund	Total General Fund
<b>REVENUES</b>			
Taxes	\$ 22,890,724	\$ -	\$ 22,890,724
Local	748,339	-	748,339
Interdistrict payments	2,660,317	4,717	2,665,034
State	17,027,944	1,467,342	18,495,286
Federal	406,462	765,031	1,171,493
Other sources	78,598	-	78,598
Total revenues	43,812,384	2,237,090	46,049,474
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	15,632,424	62,921	15,695,345
Vocational instruction	1,148,733	-	1,148,733
Physical instruction	1,147,109	-	1,147,109
Special education instruction	-	4,718,021	4,718,021
Other instruction	1,554,649	-	1,554,649
Total instruction	19,482,915	4,780,942	24,263,857
Support services			
Pupil services	1,219,285	972,166	2,191,451
Instructional staff services	1,295,186	409,036	1,704,222
General administrative services	1,059,644	-	1,059,644
Building administrative services	3,703,631	-	3,703,631
Business administrative services	7,127,344	498,050	7,625,394
Central services	1,743,466	5,934	1,749,400
Insurance and judgments	261,893	-	261,893
Other support services	1,995,658	383,041	2,378,699
Total support services	18,406,107	2,268,227	20,674,334
Capital Outlay	1,309,289	-	1,309,289
Debt service			
Interest and fees	149,155	-	149,155
Total expenditures	39,347,466	7,049,169	46,396,635
Excess (deficiency) of revenues over (under) expenditures	4,464,918	(4,812,079)	(347,161)
Other financing sources (uses)			
Premium on issuance of debt	14,585	-	14,585
Proceeds from sale of assets	671,020	-	671,020
Transfers in (out)	(4,812,079)	4,812,079	-
Total other financing sources (uses)	(4,126,474)	4,812,079	685,605
<b>Net change in fund balances</b>	338,444	-	338,444
Fund balances—beginning of year	7,931,501	-	7,931,501
<b>Fund balances—end of year</b>	<b>\$ 8,269,945</b>	<b>\$ -</b>	<b>\$ 8,269,945</b>

**MONONA GROVE SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2019

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Revenue Gift	School Nutrition Services	Community Services	Co-operative Program	
<b>ASSETS</b>					
Cash and investments	\$ 60,781	\$ 763,098	\$ 286,884	\$ 347,579	\$ 1,458,342
Accounts receivable	-	702	-	-	702
Due from other governments	-	7,317	-	59,420	66,737
Prepaid expenditures	-	3,892	2,784	3,750	10,426
<b>Total assets</b>	<b>\$ 60,781</b>	<b>\$ 775,009</b>	<b>\$ 289,668</b>	<b>\$ 410,749</b>	<b>\$ 1,536,207</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 159	\$ 1,934	\$ 49	\$ 16,010	\$ 18,152
Accrued salaries and wages	-	-	291	-	291
Payroll taxes and withholdings	-	46,004	11,428	2,250	59,682
Unearned revenues	-	114,215	-	392,489	506,704
<b>Total liabilities</b>	<b>159</b>	<b>162,153</b>	<b>11,768</b>	<b>410,749</b>	<b>584,829</b>
<b>FUND BALANCES</b>					
Nonspendable	-	3,892	2,784	3,750	10,426
Restricted	60,622	608,964	275,116	-	944,702
Unassigned	-	-	-	(3,750)	(3,750)
<b>Total fund balances</b>	<b>60,622</b>	<b>612,856</b>	<b>277,900</b>	<b>-</b>	<b>951,378</b>
<b>Total liabilities and fund balances</b>	<b>\$ 60,781</b>	<b>\$ 775,009</b>	<b>\$ 289,668</b>	<b>\$ 410,749</b>	<b>\$ 1,536,207</b>

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Revenue Gift	School Nutrition Services	Community Services	Cooperative Program	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 385,001	\$ -	\$ 385,001
Local	39,617	801,295	110,969	-	951,881
Interdistrict payments with Wisconsin	-	-	-	105,298	105,298
Intermediate sources	-	-	-	313,251	313,251
State	-	21,966	-	-	21,966
Federal	-	437,681	-	-	437,681
Other sources	-	1,929	28,218	25,815	55,962
<b>Total revenues</b>	<b>39,617</b>	<b>1,262,871</b>	<b>524,188</b>	<b>444,364</b>	<b>2,271,040</b>
<b>EXPENDITURES</b>					
Instruction					
Regular instruction	105,356	-	-	11,550	116,906
Vocational instruction	-	-	-	47,019	47,019
Physical Instruction	146	-	-	-	146
Other instruction	424	-	-	-	424
<b>Total instruction</b>	<b>105,926</b>	<b>-</b>	<b>-</b>	<b>58,569</b>	<b>164,495</b>
Support services					
Instructional staff services	3,336	-	-	354,370	357,706
General administrative services	-	-	133,149	-	133,149
Building administrative services	-	-	192,540	-	192,540
Business administrative services	4,053	1,203,129	33,981	9,235	1,250,398
Central services	-	-	4,358	90	4,448
Other support services	-	-	353,378	22,100	375,478
<b>Total support services</b>	<b>7,389</b>	<b>1,203,129</b>	<b>717,406</b>	<b>385,795</b>	<b>2,313,719</b>
Capital Outlay	-	100,201	-	-	100,201
<b>Total expenditures</b>	<b>113,315</b>	<b>1,303,330</b>	<b>717,406</b>	<b>444,364</b>	<b>2,578,415</b>
Excess (deficiency) of revenues over (under) expenditures	(73,698)	(40,459)	(193,218)	-	(307,375)
<b>Net change in fund balances</b>	<b>(73,698)</b>	<b>(40,459)</b>	<b>(193,218)</b>	<b>-</b>	<b>(307,375)</b>
Fund balances—beginning of year	134,320	653,315	471,118	-	1,258,753
<b>Fund balances—end of year</b>	<b>\$ 60,622</b>	<b>\$ 612,856</b>	<b>\$ 277,900</b>	<b>\$ -</b>	<b>\$ 951,378</b>

**MONONA GROVE SCHOOL DISTRICT**  
**AGENCY FUNDS—SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
Year Ended June 30, 2019

	Balance 7/1/18	Additions	Deductions	Balance 6/30/19
<b>ASSETS</b>				
Cash and investments	\$ 302,909	\$ 456,314	\$ 507,433	\$ 251,790
Due from other funds	-	10,161	-	10,161
<b>Total assets</b>	<b>\$ 302,909</b>	<b>\$ 466,475</b>	<b>\$ 507,433</b>	<b>\$ 261,951</b>
<b>LIABILITIES</b>				
Due to student organizations	\$ 302,909	\$ 466,475	\$ 507,433	\$ 261,951
<b>Total liabilities</b>	<b>\$ 302,909</b>	<b>\$ 466,475</b>	<b>\$ 507,433</b>	<b>\$ 261,951</b>

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS**  
For the year ended June 30, 2019

Operating Activity	WUFAR Object Code	Cost
Employee Salaries	100	\$ 222,453.38
Employee Benefits	200	\$ 101,649.20
Purchased Services	300	\$ 45,009.86
Non-Capital Objects	400	\$ 16,558.84
Capital Objects	500	\$ 97,833.95
Insurance and Judgements	700	\$ -
Pupil Dues and Fees	900	\$ 3,771.66
<b>TOTAL</b>		<b>\$ 487,276.89</b>



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

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Passed- Through to Subrecipients	Accrued or (Deferred) Revenue at 7/1/18	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/19
<b>Department of Agriculture</b>							
Pass-through program from Wisconsin Department of Public Instruction							
Child Nutrition Cluster							
School Breakfast Program	10.553	2019-133675-SB-546	\$ -	\$ -	\$ 91,061	\$ 93,595	\$ 2,534
National School Lunch Program	10.555	2019-133675-NSL-547	-	-	256,196	260,979	4,783
National School Lunch Program - Food Commodities	10.555	2019-133675-NSL-547	-	-	83,107	83,107	-
Total Child Nutrition Cluster			-	-	430,364	437,681	7,317
<b>Total Department of Agriculture</b>			-	-	430,364	437,681	7,317
<b>U.S. Department of Labor</b>							
Pass-through program from Workforce Development Board of South Central WI							
WIA Youth Activities	17.259	573-5000	-	36,651	100,479	73,176	9,348
<b>Total Department of Labor</b>			-	36,651	100,479	73,176	9,348
<b>Department of Education</b>							
Pass-through programs from Wisconsin Department of Public Instruction							
Title I Grants to Local Educational Agencies	84.010	2019-133675-Title I-141	-	199,548	199,548	177,983	177,983
Total Title I, Part A Cluster			-	199,548	199,548	177,983	177,983
Special Education Cluster							
Special Education--Grants to States	84.027	2019-133675-IDEA-341	-	614,576	614,576	617,039	617,039
Special Education--Preschool Grants	84.173	2019-133675-Pre-S-347	-	13,570	13,570	14,365	14,365
Total Special Education Cluster			-	628,146	628,146	631,404	631,404

See accompanying notes to schedule of expenditures of federal and state awards.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2019

<b>Department of Education</b>								
ESEA Title II-A Teacher Principal Training	84.367	2019-133675-Title II-365	-	55,214	53,832	48,553	49,935	
ESEA Title III-A English Language Acquisition	84.365	2019-133675-Title III A-391	-	11,177	10,491	10,486	11,172	
ESEA Title IV-A	84.424A	2019-133675-Title-IV A-381	-	9,190	21,790	26,236	13,636	
Wisconsin Charter Schools program	84.282	2019-133675-WCSP-360	-	-	11,525	125,710	114,185	
Career and Technical Education-Basic Grants to States	84.048	2019-133675-CP-CTE-400	-	16,283	16,283	17,494	17,494	
<b>Total Department of Education</b>			-	919,558	941,615	1,037,866	1,015,809	
<b>Department of Health and Human Services</b>								
Pass-through program from Wisconsin Medicaid and Badgercare Programs								
Medical Assistance Program	93.778	44216200	-	-	133,627	133,627	-	
<b>Total Federal Programs</b>			\$	-	\$ 956,209	\$ 1,606,085	\$ 1,682,350	\$ 1,032,474

See accompanying notes to schedule of expenditures of federal and state awards.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2019

State Grantor/ Program Title	State Identifying Number	State Pass- Through Number	Passed- Through to Subrecipients	Accrued or (Deferred) Revenue at 7/1/18	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/19
<b>Wisconsin Department of Public Instruction</b>							
Special Education and School Age Parents	255.101	133675-100	\$ -	\$ -	\$ 1,452,342	\$ 1,452,342	\$ -
State School Lunch Aid	255.102	133675-107	-	-	12,259	12,259	-
Common School Fund Library Aid	255.103	133675-104	-	-	131,758	131,758	-
General Transportation Aid for Public School Pupils	255.107	133675-102	-	-	86,369	86,369	-
Equalization Aids	255.201	133675-116	-	220,482	13,331,444	13,333,953	222,991
Aid for School Mental Health Programs	255.227	133675-176	-	-	14,841	14,841	-
Personal Electronic Computing Device	255.296	133675-175	-	-	32,500	32,500	-
State School Breakfast Aid	255.344	133675-108	-	-	9,707	9,707	-
Per Pupil Aid	255.945	133675-113	-	-	2,051,598	2,051,598	-
Educator effective Eval Sys Grants	255.940	133675-154	-	24,800	24,800	26,400	26,400
Financial Literacy	255.950	133675-171	-	-	37,000	37,000	-
Assessments of Reading Readiness	255.956	133675-166	-	-	1,860	1,860	-
Aid for Special Education Transition Grant BBL	255.960	133675-168	-	-	15,000	15,000	-
<b>Total Wisconsin Department of Public Instruction</b>			-	245,282	17,201,478	17,205,587	249,391
<b>Wisconsin Department of Justice</b>							
School Safety Initiative	455.201	2018-SSI-01-13092	-	-	-	158,232	158,232
<b>Wisconsin Department of Revenue</b>							
Exempt Computer Aid	835.109	N/A	-	903,654	903,654	925,523	925,523
Personal Property Tax	835.103	N/A	-	-	227,474	227,474	-
<b>Total Wisconsin Department of Revenue</b>			-	903,654	1,131,128	1,152,997	925,523
<b>Workforce Development Board of South Central Wisconsin</b>							
Youth Apprenticeship		573-5001	-	61,629	234,770	240,075	66,934
<b>Total State Programs</b>			<u>\$ -</u>	<u>\$ 1,210,565</u>	<u>\$ 18,567,376</u>	<u>\$ 18,756,891</u>	<u>\$ 1,400,080</u>

See accompanying notes to schedule of expenditures of federal and state awards.

**MONONA GROVE SCHOOL DISTRICT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2019

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**NOTE 1—BASIS OF PRESENTATION**

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

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Specifically, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3—INDIRECT COST RATE**

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

**NOTE 4—FOOD DONATION**

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

**NOTE 5—OVERSIGHT AGENCIES**

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

**NOTE 6—ELIGIBLE COSTS FOR SPECIAL EDUCATION**

Eligible costs for special education under project 011 were \$6,416,458 for the year ended June 30, 2019.

**MONONA GROVE SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2019

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Finding 2018-001

Condition: One of a sample of 40 disbursements tested for the major program was incorrectly coded to the grant.

Recommendation: We recommend that the District office review procedures to ensure all expenditures charged to the Special Education Cluster are allowable, necessary, and reasonable for the program. We also recommend thorough and detailed review of these expenditures by program management.

Current Status: This District has corrected this finding.

Finding 2018-002

Condition: During the 2017-2018, only final claims were submitted for the District's Special Education Cluster (IDEA).

Recommendation: The District should implement procedures to ensure that all Special Education claims are submitted on a quarterly basis.

Current Status: This District has corrected this finding.

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

To the Board of Education  
Monona Grove School District  
Monona, Wisconsin

We have audited 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monona Grove School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Monona Grove School District's basic financial statements, and have issued our report thereon dated November 20, 2019.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

**Purpose of this Report**

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

Wegner CPAs, LLP  
Madison, Wisconsin  
November 20, 2019



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

To the Board of Education  
Monona Grove School District  
Monona, Wisconsin

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal and Each Major State Program***

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on the major federal program and each major state program is not modified with respect to these matters.

The Monona Grove School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Monona Grove School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002, which we consider to be significant deficiencies.

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

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

Wegner CPAs, LLP  
Madison, Wisconsin  
November 20, 2019

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2019

**Section I—Summary of Auditor's Results**

*Financial Statements*

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

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? Yes

*State Awards*

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2019

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

Identification of major state programs:

State Identifying Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	Equalization Aids
255.945	Per Pupil Aid

**Section II—Financial Statement Findings**

None noted.

**Section III—Federal and State Award Findings and Questioned Costs**

Finding 2019-001

Criteria: Management is responsible for the design and implementation for internal controls such that management and other district employees, in the normal course of performing their assigned functions, are able to prevent or detect and correct misstatements on a timely basis. The Wisconsin Department of Public Instruction provides a standard that pre-numbered receipts are issued for all money received from student or parent organizations.

Condition: Pre-numbered receipts were not consistently provided when student activity funds were collected.

Effect: The above behavior exposes the District to fraud, loss of public trust, and employee conflict. Student Activity funds may be expanded to benefit the employee as opposed to the students, which is consistent with the mission of the District.

Cause: Management did not appropriately establish procedures for using pre-numbered receipts and holding individuals accountable for those procedures.

Repeat Finding: N/A.

Recommendation: We recommend that supporting documentation is required prior to depositing funds. At any point in time, secretaries should be able to take the balance in their receipt book and compare it to the deposits at the bank, without exception.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and plans to review and ensure proper controls and procedures are implemented.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2019

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Finding 2019-002

Criteria: The Wisconsin Department of Public Instruction provides standard specialized routes may not serve students without Individualized Education Program's (IEP) except in the two specific circumstances: the Incidental Benefit Exception, and the Accommodation for Students Experiencing Homelessness or Foster Care.

Condition: One individual out of a sample of 6 was found to have been on the route for the special education bus without an appropriate IEP.

Effect: Incorrect coding of costs could be incurred.

Cause: Management did not have procedures in place to ensure that IEPs for specialized bus routes are available, including when no extra cost is incurred.

Repeat Finding: N/A.

Recommendation: We recommend that management inform all employees involved about the special education compliance requirements and monitor this compliance regularly.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with finding and is in the process of designing and implementing procedures to ensure all specialized bus routes have students with appropriate IEPs.

**Section IV—Other Issues**

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

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

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

Name and signature of partner \_\_\_\_\_  
Scott R. Haumersen

Date of report November 20, 2019