

Chippewa Falls Area Unified School District

Chippewa Falls, Wisconsin

Financial Statements and Supplementary Financial Information

Year Ended June 30, 2018

Chippewa Falls Area Unified School District

Financial Statements and Supplementary Financial Information

Year Ended June 30, 2018

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Independent Auditor's Report

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, 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 Chippewa Falls Area Unified School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 on the previous page 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 District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* related to the cost-sharing, multiple employer OPEB plan - Local Retiree Life Insurance (LRLIF) during the year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the budgetary comparison schedule - General Fund, schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in the employer's net pension liability and related ratios - District pension plan, schedule of employer contributions - District pension plan, schedule of investment returns - District pension plan, schedules of the employer's proportionate share of the net OPEB liability and employer contributions - local retiree life insurance fund, schedule of changes in the employer's net OPEB liability and related ratios - District OPEB plan, schedule of employer contributions - District OPEB plan, and schedule of investment returns - District OPEB plan on pages 57 through 71 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 (GASB), 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, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Public Instruction, and are also not a required part of the basic financial statements. The fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance 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. In our opinion, the fiduciary fund - schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.



Wipfli LLP

December 3, 2018
Eau Claire, Wisconsin

Government-Wide Financial Statements

Chippewa Falls Area Unified School District

Statement of Net Position

June 30, 2018

<i>Assets and Deferred Outflows of Resources</i>	Governmental Activities
Current assets:	
Cash and investments	\$ 13,777,379
Receivables:	
Taxes	6,853,020
Accounts	3,244
Due from other governments	1,187,894
Total current assets	21,821,537
Noncurrent assets:	
Restricted net pension asset - WRS	5,750,501
Capital assets:	
Land	1,022,789
Land improvements	3,844,769
Buildings and building improvements	46,899,442
Furniture and equipment	6,032,001
Less - Accumulated depreciation	(31,282,978)
Total capital assets, net of accumulated depreciation	26,516,023
Total noncurrent assets	32,266,524
Total assets	54,088,061
Deferred outflows of resources:	
Related to pensions - District pension plan	468,498
Related to OPEB - District OPEB plan	203,635
Related to pensions - WRS	9,447,272
Related to OPEB - LRLIF	183,169
Total deferred outflows of resources	10,302,574
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 64,390,635

Chippewa Falls Area Unified School District

Statement of Net Position (Continued)

June 30, 2018

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	Governmental Activities
Liabilities:	
Current liabilities:	
Accounts payable	\$ 3,448,785
Short-term notes payable	4,000,000
Accrued liabilities:	
Payroll, payroll taxes, insurance	4,687,913
Claims incurred but not reported	1,708,481
Interest	7,534
Unearned revenue	57,398
Current portion of long-term obligations	321,958
Total current liabilities	14,232,069
Noncurrent liabilities:	
Capital leases	153,436
Net OPEB liability - District OPEB plan	8,013,932
Net OPEB liability - LRLIF	1,284,817
Net pension liability - District pension plan	3,166,447
Compensated absences	749,306
Total noncurrent liabilities	13,367,938
Total liabilities	27,600,007
Deferred inflows of resources:	
Related to pensions - District pension plan	328,904
Related to OPEB - District OPEB plan	6,118,068
Related to pensions - WRS	11,614,964
Related to OPEB - LRLIF	18,103
Total deferred inflows of resources	18,080,039
Net position:	
Net investment in capital assets	26,295,819
Restricted for:	
Capital projects	5,423
Food service	1,074,305
Donations	335,927
Unrestricted	(9,000,885)
Total net position	18,710,589
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 64,390,635

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Statement of Activities

Year Ended June 30, 2018

<i>Functions/Programs</i>	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and
				Changes in
				Net Position
				Total
				Governmental
				Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 25,635,020	\$ 1,342,466	\$ 745,038	\$ (23,547,516)
Vocational instruction	2,020,276	-	25,772	(1,994,504)
Special education instruction	7,040,018	5,212	2,229,031	(4,805,775)
Other instruction	2,398,455	44,182	-	(2,354,273)
Total instruction	37,093,769	1,391,860	2,999,841	(32,702,068)
Support services:				
Pupil services	2,845,743	-	544,664	(2,301,079)
Instructional staff services	2,444,735	4,989	581,299	(1,858,447)
General administration services	1,935,646	-	-	(1,935,646)
Building administration services	3,051,258	-	-	(3,051,258)
Business services	755,586	-	-	(755,586)
Operations and maintenance	5,861,823	-	414	(5,861,409)
Pupil transportation services	3,669,898	-	235,017	(3,434,881)
Food service	2,763,124	1,178,892	1,667,684	83,452
Central services	1,644,553	25,889	-	(1,618,664)
Insurance	479,460	-	-	(479,460)
Community services	62,061	10,976	-	(51,085)
Interest on debt	139,900	-	-	(139,900)
Other support services	389,863	-	20,946	(368,917)
Unallocated depreciation, excluding direct	1,046,551	-	-	(1,046,551)
Total support services	27,090,201	1,220,746	3,050,024	(22,819,431)
Total governmental activities				
(carried forward)	\$ 64,183,970	\$ 2,612,606	\$ 6,049,865	(55,521,499)

Chippewa Falls Area Unified School District

Statement of Activities (Continued)

Year Ended June 30, 2018

<i>Functions/Programs</i>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Total governmental activities (brought forward)				\$ (55,521,499)
General revenues:				
Property taxes:				
General purposes				22,249,412
Debt service				255,000
Community services				297,000
State and federal aids not restricted to specific functions:				
General				31,617,417
Other				231,253
Interest and investment earnings				92,614
Miscellaneous				523,418
Gain on disposal of assets				1,009
Total general revenues				55,267,123
Change in net position				(254,376)
Net position - Beginning of year, as restated				18,964,965
Net position - End of year				\$ 18,710,589

See accompanying notes to financial statements.

Fund Financial Statements

Chippewa Falls Area Unified School District

Governmental Funds - Balance Sheet

June 30, 2018

<i>Assets</i>	General Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 12,301,490	\$ 1,475,889	\$ 13,777,379
Receivables:			
Taxes	6,853,020	-	6,853,020
Accounts	2,161	1,083	3,244
Due from other governments	1,176,757	11,137	1,187,894
TOTAL ASSETS	\$ 20,333,428	\$ 1,488,109	\$ 21,821,537
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>			
Liabilities:			
Short-term notes payable	\$ 4,000,000	\$ -	\$ 4,000,000
Accounts payable	1,373,265	734	1,373,999
Accrued liabilities:			
Payroll, payroll taxes, insurance	4,682,543	5,370	4,687,913
Claims incurred but not reported	1,708,481	-	1,708,481
Interest	7,534	-	7,534
Unearned revenue	-	57,398	57,398
Due to other funds	2,065,834	8,952	2,074,786
Total liabilities	13,837,657	72,454	13,910,111
Fund balances:			
Restricted:			
Capital projects	-	5,423	5,423
Food service	-	1,074,305	1,074,305
Donations	-	335,927	335,927
Assigned for community service	146,257	-	146,257
Unassigned	6,349,514	-	6,349,514
Total fund balances	6,495,771	1,415,655	7,911,426
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 20,333,428	\$ 1,488,109	\$ 21,821,537

Chippewa Falls Area Unified School District

Governmental Funds - Balance Sheet (Continued)

June 30, 2018

Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental fund balances because:

Total fund balances - Governmental funds (previous page)	\$	7,911,426
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital assets	\$	57,799,001	
Governmental accumulated depreciation		(31,282,978)	26,516,023

The net pension liability (asset), net OPEB liability, and the deferred outflows of resources and deferred inflows of resources related to pensions and OPEB plans are only reported in the statement of net position:

Net pension liability - District pension plan	(3,166,447)		
Net pension asset - WRS	5,750,501		
Net OPEB liability - District OPEB plan	(8,013,932)		
Net OPEB liability - LRLIF	(1,284,817)		
Deferred inflows of resources related to pensions - District pension plans	(328,904)		
Deferred inflows of resources related to pensions - WRS	(11,614,964)		
Deferred inflows of resources related to OPEB - District OPEB plan	(6,118,068)		
Deferred inflows of resources related to OPEB - LRLIF	(18,103)		
Deferred outflows of resources related to pensions - District pension plan	468,498		
Deferred outflows of resources related to pensions - WRS	9,447,272		
Deferred outflows of resources related to OPEB - District OPEB plan	203,635		
Deferred outflows of resources related to OPEB - LRLIF	183,169		(14,492,160)

Long-term liabilities, including bonds and notes payable, are not due in the current year and therefore are not reported in the fund statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances reported in the statement of net position that are not reported in the funds balance sheet are:

Capital leases payable	(225,626)		
Compensated absences	(999,074)		(1,224,700)

Net position - Governmental activities	\$	18,710,589
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See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

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

Year Ended June 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 22,546,412	\$ 255,000	\$ 22,801,412
Local	375,841	1,505,659	1,881,500
Interdistrict	1,271,591	-	1,271,591
Intermediate	64,305	-	64,305
State	34,072,204	59,634	34,131,838
Federal	1,934,538	1,603,082	3,537,620
Other	240,319	-	240,319
Total revenues	60,505,210	3,423,375	63,928,585
Expenditures:			
Instruction:			
Regular instruction	25,856,307	4,269	25,860,576
Vocational instruction	2,023,846	-	2,023,846
Special instruction	7,021,803	-	7,021,803
Other instruction	2,401,278	6,240	2,407,518
Total instruction	37,303,234	10,509	37,313,743
Support services:			
Pupil services	2,826,756	3,494	2,830,250
Instructional staff services	2,376,968	48,555	2,425,523
General administration services	1,930,124	-	1,930,124
Building administration services	2,871,692	146,995	3,018,687
Business services	749,075	-	749,075
Operations and maintenance	5,957,555	322,544	6,280,099
Pupil transportation	3,693,472	-	3,693,472
Food services	-	2,729,788	2,729,788
Central services	1,682,020	689	1,682,709
Insurance	479,460	-	479,460
Debt services:			
Principal	151,909	250,000	401,909
Interest	134,247	5,653	139,900
Other support services	541,666	-	541,666
Community service	61,259	-	61,259
Total support services	23,456,203	3,507,718	26,963,921
Total expenditures	60,759,437	3,518,227	64,277,664

Chippewa Falls Area Unified School District
Governmental Funds - Statement of Revenues, Expenditures,
and Changes in Fund Balances (Continued)

Year Ended June 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Excess of expenditures over revenues	\$ (254,227)	\$ (94,852)	\$ (349,079)
Other financing sources (uses):			
Transfers in	-	653	653
Transfers out	(653)	-	(653)
Capital lease issued	301,200	-	301,200
Proceeds from sale of capital assets	278,909	-	278,909
Net other financing sources (uses)	579,456	653	580,109
Net change in fund balances	325,229	(94,199)	231,030
Fund balances - Beginning of year	6,170,542	1,509,854	7,680,396
Fund balances - End of year	\$ 6,495,771	\$ 1,415,655	\$ 7,911,426

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Governmental Funds - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2018

Total net change in fund balances - Governmental funds \$ 231,030

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

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

Capital outlays reported in governmental fund statements	\$ 1,151,438
Depreciation expense reported in statement of activities	(1,573,795)

Amount by which depreciation is greater than capital outlay in the current period	(422,357)
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Some employee benefits 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.

Change in net pension liability - District pension plan	264,781
Change in net pension asset - WRS	5,750,501
Change in net pension liability - WRS	1,574,949
Change in net OPEB liability - District OPEB plan	6,020,445
Changes in net OPEB liability - LRLIF	(294,341)
Change in deferred outflows of resources related to pensions - District pension plan	423,235
Change in deferred outflows of resources related to pensions - WRS	(1,614,459)
Change in deferred outflows of resources related to OPEB - District OPEB plan	203,635
Change in deferred outflows of resources related to OPEB - LRLIF	179,104
Change in deferred inflows of resources related to pensions - District pension plan	50,429
Change in deferred inflows of resources related to pensions - WRS	(6,337,786)
Change in deferred inflows of resources related OPEB - District OPEB plan	(6,118,068)
Change in deferred inflows of resources related to OPEB - LRLIF	(18,103)

Amounts paid are less than amounts earned	84,322
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Unpaid compensated absences are a liability of the governmental funds only if the employee has resigned or retired.

Amount by which the liability for compensated absences changed in the current year	34,820
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year	401,909
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Chippewa Falls Area Unified School District
Governmental Funds - Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities (Continued)
Year Ended June 30, 2018

Total net change in fund balances - Governmental funds (Continued)

Proceeds of principal of long-term debt are reported in the governmental funds as revenue, but are reported as an increase in long-term debt in the statement of net position and do not affect the statement of activities.

The issuance of long-term debt in the current year \$ (301,200)

The District disposed of land resulting in a reduction of capital assets reported on the statement of net position. There is no effect on the governmental funds balance sheet.

The value of capital assets disposed of during the year (282,900)

Change in net position - Governmental activities \$ (254,376)

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Fiduciary Funds - Statement of Net Position

June 30, 2018

	Employee Benefit Trust	Agency Fund
Assets:		
Cash and investments	\$ 7,664,671	\$ 408,445
Due from other funds	2,074,786	-
TOTAL ASSETS	\$ 9,739,457	\$ 408,445
Liabilities:		
Due to student organizations	\$ -	\$ 408,445
TOTAL LIABILITIES	-	\$ 408,445
Net position:		
Restricted for pension	160,070	
Restricted for OPEB	9,579,387	
TOTAL NET POSITION	9,739,457	
TOTAL NET POSITION AND LIABILITIES	\$ 9,739,457	

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Fiduciary Funds - Statement of Changes in Net Position

Year Ended June 30, 2018

	Employee Benefit Trust
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Additions:	
Employer contributions	\$ 2,074,786
Retiree contributions	20,302
Interest	127,899
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Total additions	2,222,987
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Deductions:	
Pension benefits	371,875
OPEB benefits	1,526,285
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Total deductions	1,898,160
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Net increase in net position	324,827
Net position - Beginning of year	9,414,630
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Net position - End of year	\$ 9,739,457
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See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

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

Reporting Entity

The Chippewa Falls Area Unified School District is organized as a common school district. The District, governed by a seven-member elected school board, operates grades kindergarten through 12 and is comprised of all or part of 12 taxing districts.

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. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

New Accounting Pronouncement

Management adopted new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* related to the cost-sharing multiple employer OPEB plan - Local Retiree Life Insurance (LRLIF) during the year ended June 30, 2018. The District elected to early implement this guidance related to the District OPEB plan during the year ended June 30, 2017. See Note 17 for the restatement of beginning net position.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level.

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

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

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Fund Financial Statements

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

- General Fund – This is the District’s primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund, including educational programs for students with disabilities as well as programs provided to the community as a whole.

The District reports the following nonmajor governmental funds:

- Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund - This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental activities, including amounts accumulated for principal and interest maturing in future years.
- Food Service Fund - This fund is used to account for financial resources that are restricted to expenditure in the District's breakfast and lunch program.
- Special Revenue Trust Fund - This fund is used to account for gifts and donations that have been restricted by private parties for specific purposes.

The District accounts for assets held as an agent for various student and parent organizations in an agency fund and resources legally held in trust for the District's pension and other postemployment benefits in an employee benefit trust fund.

Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. 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 taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Deposits 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 and shares in the local government investment pool.

The Debt Service and Capital Projects Funds account for their transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the Trust and Agency Funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

State Statutes permit the District to invest available cash balances, other than debt service funds, in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. agency issues, municipal obligations within Wisconsin, high-grade commercial paper, and the local government pooled investment fund administered by the State of Wisconsin Investment Board. Available balances in the Debt Service Fund may be invested in obligations of the United States and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deposits and Investments (Continued)

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

Funds held in the Employee Benefit Trust Fund to provide for pension and other postemployment benefits may be invested in any kind of property or type of investment consistent with the prudent investor rule set forth in WI Stat. 881.01. This rule requires the trustee of an Employee Benefit Trust Fund to exercise reasonable care, skill, and caution when investing and managing the assets of the trust.

All investments are stated at fair market value except for the Wisconsin Investment Series Cooperative (WISC) which are reported at amortized cost.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Receivables and Payables

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and from 5 to 15 years for furniture and equipment.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Capital assets not being depreciated include land.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the District's pension plan, the District OPEB plan, the Wisconsin Retirement System (WRS), and the Local Retiree Life Insurance Fund (LRLIF). The deferred outflows of resources related to the District pension plan represent the differences between expected and actual experience and changes in assumptions. The deferred outflows related to the District OPEB plan represent the net difference between projected and actual earnings on OPEB plan investments. The deferred outflows of resources related to the WRS and LRLIF represent the District's proportionate shares of collective deferred outflows of resources of the plans and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to the District's pension plan, the District OPEB plan, the WRS, and the LRLIF. The deferred inflows of resources related to the District pension plan represent the differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments. The deferred inflows related to the District OPEB plan represent the differences between expected and actual experience and changes in assumptions. The deferred inflows of resources related to the WRS and LRLIF represent the District's proportionate shares of collective deferred inflows of resources of the plans.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Compensated Absences - The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested amount of 150 days for administrators/supervisors/confidential employees and 90 days for teachers and hourly District employees. Upon retirement or termination of employment, the employee is entitled to receive cash payment for vested vacation pay and varying percentages of vested sick pay based upon years employed by the District. Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave and unpaid vacation is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

District Postemployment Benefits Other Than Pensions - 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 LRLIF and the District OPEB plan and additions to/deductions from the LRLIF's fiduciary net position and the District OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the LRLIF and the District OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except investment in the WISC, which are reported at amortized cost.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts (Continued)

District Pension Plans - 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 WRS and the District defined benefit pension plan and additions to/deductions from the WRS' fiduciary net position and the District defined benefit pension plan's fiduciary net position have been determined on the same basis as they are reported by the WRS and the District defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except investment in the WISC, which are reported at amortized cost.

Restricted Assets

Restricted assets are cash, cash equivalents, investments, and the net pension asset whose use is limited by legal requirements such as a bond indenture or asset in irrevocable trust.

Net Position

For government-wide reporting, net position is reported in three categories.

Net investment in capital assets: This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, acquire, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the construction, acquisition, or improvement of those assets or the related debt are also included in this category. Unspent portions of capital-related debt proceeds are not included in this category.

Restricted: This category consists of noncapital assets whose use is restricted, reduced by liabilities and deferred inflows of resources related to those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This category consists of the remaining net position that does not meet the definition of the two preceding categories.

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances

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

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

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

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Board of Education has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

Property Tax Levy

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property Tax Levy (Continued)

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2017 tax levy is used to finance operations of the District's fiscal year ended June 30, 2018. All property taxes are considered due on January 1 when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

Subsequent Events

On July 10, 2018, the District issued \$55,000,000 in bond anticipation notes to finance capital projects. These notes were paid off on August 14, 2018, with the issuance of \$53,405,000 General Obligation Refunding Bonds.

Subsequent events have been evaluated through December 3, 2018, which is the date the financial statements were available to be issued.

Note 2: Stewardship and Accountability

Limitation on School District Revenues

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

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 3: Cash and Investments

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2018, none of the District's bank balance of \$6,325,010 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk: State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Investment Series Cooperative (WISC) or the local government note. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: For an investment, concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have an investment policy for concentration of credit risk.

The District's cash and investment balances at June 30, 2018, were as follows:

	Maturities	Fair Value
WISC Cash Management Series	< 1 year	\$ 580
WISC Investment Series	< 1 year	10,322,827
WISC Limited Term Duration	< 1 year	5,602,325
Local government note	1 to 3 years	105,000
Total investments		16,030,732
Net cash deposits with financial institutions carrying amount		5,819,763
Less - Cash and investments held by fiduciary funds		(8,073,116)
Cash and investments reported on statement of net position		\$ 13,777,379

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 3: Cash and Investments (Continued)

The District is a participant in the WISC funds, which is authorized in Wisconsin Statute 66.0301 and are governed by a commission in accordance with the terms of an intergovernmental cooperation agreement. The WISC is not registered with the Securities Exchange Commission (SEC) as an investment company. The WISC reports to participants on the amortized cost basis. WISC shares are bought and redeemed at \$1 based on the amortized cost of the investments in the pool. Participants in WISC have the right to withdraw their funds in total on one day's notice. The investments in WISC are not subject to the fair value hierarchy disclosures.

Fair Value Measurements (Assets and Liabilities Measured at Fair Value)

This District has the following recurring fair value measurements as of June 30, 2018:

- Local government notes are valued using Level 2 inputs.

Note 4: Short-Term Notes Payable

The District issues revenue anticipation notes in advance of tax collections and receipt of federal and state aids. These notes are necessary to allow the school to pay its operating expenditures.

Short-term notes payable activity for the year ended June 30, 2018, was as follows:

<i>Description</i>	Balance 07/01/17	Issued	Redeemed	Balance 06/30/18
Tax and revenue anticipation promissory notes:				
U.S. Bank National Association 2.00% note	\$ -	\$ 7,000,000	\$ (3,000,000)	\$ 4,000,000
U.S. Bank National Association 2.00% note	4,000,000	-	(4,000,000)	-
Total	\$ 4,000,000	\$ 7,000,000	\$ (7,000,000)	\$ 4,000,000

Interest on short-term notes for the year totaled \$133,560.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 5: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2018, were as follows:

<i>Due From:</i>	Due To: Employee Benefit Trust Fund
General Fund	\$ 2,065,834
Food Service Fund	8,952
Total	\$ 2,074,786

The purpose of the interfund receivable between the employee benefit trust fund and the General and Food Service Fund is to record contributions made after the end of the fiscal year.

In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Interfund transfers at June 30, 2018, were as follows:

<i>Transfer From:</i>	Transfer To: Debt Service Fund
General Fund	\$ 653
Total	\$ 653

The purpose for the interfund transfer to the Debt Service Fund is to eliminate negative fund balance at year-end.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 6: Capital Assets

Capital asset balances and activity for the year ended June 30, 2018, were as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,083,712	\$ 221,977	\$ (282,900)	\$ 1,022,789
Total capital assets not being depreciated	1,083,712	221,977	(282,900)	1,022,789
Capital assets being depreciated:				
Land improvements	3,727,382	117,387	-	3,844,769
Buildings and building improvements	46,643,565	255,877	-	46,899,442
Furniture and equipment	5,475,804	556,197	-	6,032,001
Total capital assets being depreciated	55,846,751	929,461	-	56,776,212
Less accumulated depreciation for:				
Land improvements	(2,380,772)	(133,176)	-	(2,513,948)
Buildings and building improvements	(22,884,168)	(1,088,957)	-	(23,973,125)
Furniture and equipment	(4,444,243)	(351,662)	-	(4,795,905)
Total accumulated depreciation	(29,709,183)	(1,573,795)	-	(31,282,978)
Total capital assets, being depreciated - Net of accumulated depreciation	26,137,568	(644,334)	-	25,493,234
Governmental activities capital assets - Net	\$ 27,221,280	\$ (422,357)	\$ (282,900)	\$ 26,516,023

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 6: Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Regular instruction	\$ 195,655
Vocational instruction	953
General administration services	8,740
Operations and maintenance of plant	272,222
Facilities acquisition and remodeling	10,740
School food service program	21,326
Pupil transportation services	3,114
Central services	14,494
Depreciation not charged to a specific function	1,046,551

Total depreciation for governmental activities	\$ 1,573,795
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Note 7: Long-Term Obligations

Long-term obligations of the District are as follows:

	Balance 07/01/17	Additions	Reductions	Balance 06/30/18	Amounts Due Within One Year
Promissory note	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
Capital leases	76,335	301,200	151,909	225,626	72,190
Compensated absences	1,033,894	252,374	287,194	999,074	249,768
Totals	\$ 1,360,229	\$ 553,574	\$ 689,103	\$ 1,224,700	\$ 321,958

The compensated absences will be liquidated by several of the governmental funds. Payments on the capital leases will be made by the General Fund.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 7: Long-Term Obligations (Continued)

General Obligation Debt

The 2017 equalized valuation of the District as certified by the Wisconsin Department of Revenue was \$2,977,269,902. The legal debt limit and margin of indebtedness as of June 30, 2018, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

Legal debt limit (10% of \$2,977,269,902)	\$ 297,726,990
Deduct:	
Long-term debt* applicable to debt margin	-
Add:	
Debt service fund assets available	-
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Margin of indebtedness	\$ 297,726,990
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Note 8: Operating Leases

The District leases certain classroom space from the State of Wisconsin Department of Health Services under an operating lease. The lease expires June 30, 2019. The total amount included in expense for rental of the space for 2017-2018 was \$162,788. Payments totaling \$166,044 are due for the year ending June 30, 2019.

Note 9: Capital Leases

The District leases computer equipment. The computer equipment leases, which expire in 2019 and 2021, are classified as capital leases. Furniture and equipment include the following amounts for the equipment leases that have been capitalized:

	2018
Furniture and equipment	\$ 700,200
Less - Accumulated amortization	(307,116)
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Total	\$ 393,084
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Lease amortization is included in depreciation expense.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 9: Capital Leases (Continued)

Future minimum payments, by year and in the aggregate, under the capital lease with initial or remaining terms in excess of one year consisted of the following:

	Capital Lease
2019	\$ 75,574
2020	75,574
2021	40,986
2022	40,986
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Total minimum lease payments	233,120
Amount representing interest	(7,494)
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Present value of net minimum lease payments	225,626
Less - Current maturities	72,190
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Long-term obligations under capital lease	\$ 153,436

Note 10: Employee Retirement Plans - Wisconsin Retirement System

Plan Description

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

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

Vesting

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

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

<i>Year</i>	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6 %	0.0 %
2009	(2.1)%	(42.0)%
2010	(1.3)%	22.0 %
2011	(1.2)%	11.0 %
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0 %
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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 executive 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 \$1,928,389 in contributions from the employer.

Contribution rates as of June 30, 2018, are:

<i>Employee Category</i>	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, 2018, the District reported an asset of \$5,750,501 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. 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 asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.19367705%, which was an increase of 0.00259778% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,583,077.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,306,155	\$ (3,417,577)
Net differences between projected and actual earnings on pension plan investments	-	(7,903,529)
Changes in assumptions	1,136,186	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(293,858)
Employer contributions subsequent to the measurement date	1,004,931	-
Totals	\$ 9,447,272	\$ (11,614,964)

\$1,004,931 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2019	\$ 506,290
2020	(153,839)
2021	(2,028,045)
2022	(1,510,690)
2023	13,661

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2016
Measurement date of net pension liability (asset)	December 31, 2017
Actuarial cost method	Entry age
Asset valuation method	Fair market value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Postretirement adjustments*	2.1%

**No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based on an experience study conducted in 2015 using experience from 2012-2014. The total pension liability for December 31, 2017, is based on a rollforward of the liability calculated from the December 31, 2016, actuarial valuation.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

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

Asset Allocation Targets and Expected Returns
As of December 31, 2017

<i>Asset Class</i>	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Global equities	50.0 %	8.2 %	5.3 %
Fixed income	24.5 %	4.2 %	1.4 %
Inflation sensitive assets	15.5 %	3.8 %	1.0 %
Real estate	8.0 %	6.5 %	3.6 %
Private equity/debt	8.0 %	9.4 %	6.5 %
Multi-asset	4.0 %	6.5 %	3.6 %
Total core fund	110.0 %	7.3 %	4.4 %
Variable fund:			
U.S. equities	70.0 %	7.5 %	4.6 %
International equities	30.0 %	7.8 %	4.9 %
Total variable fund	100.0 %	7.9 %	5.0 %

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75%

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate: A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.20%) or 1 percentage point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 14,878,510	\$ (5,750,501)	\$(21,429,188)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2018, the District reported a payable of \$254,871 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11: District Pension Plan and Benefits

The District administers a single-employer defined benefit plan that provides pension benefits to eligible retirees as established by District policy. The School District Board manages the pension plan and has appointed the District Director of Business Services as trustee and investment manager. There are 186 active plan members, 55 inactive plan members currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits.

The School Board has the authority to establish and amend the types of benefits provided through the pension plan. The School Board determines the amount contributed to the trust. Currently the contribution equals the amount needed to pay current benefits plus an additional amount to prefund benefits, as funding is available. The plan does not issue a standalone report.

Teachers hired prior to July 1, 2009: Upon retirement from a full-time position after completing 15 years of service in the District and attaining age 57 or greater, the retiree shall receive a stipend in an amount equivalent to 25% of the base salary. This stipend will be paid on the same days as an active teacher's payroll and for a period of five years.

Administrators hired prior to July 1, 2003: Upon retirement from a full-time position after completing 25 years of service (for administrators hired on or after May 1, 1999, their 10 consecutive years of service prior to retirement must be with the District) and attaining age 55 or greater, the retiree shall receive an annual stipend in the amount of 15% of the average of the retiree's three highest annual contracted salaries. This stipend shall be paid monthly and will continue for a period of seven years.

Administrators hired after July 1, 2003, but before July 1, 2010: Upon retirement from a full-time position after completing 25 years of service (for administrators hired on or after May 1, 1999, their 10 consecutive years of service prior to retirement must be with the District) and attaining age 57 or greater, the retiree shall receive an annual stipend in the amount of 15% of the average of the retiree's three highest annual contracted salaries. This stipend shall be paid monthly and will continue for a period of five years.

Supervisors hired prior to July 1, 2003: Upon retirement from a full-time position after completing 15 years of service and attaining age 55 or greater, the retiree shall receive a bimonthly stipend for a period of seven years. The amount of this stipend is based upon 50% of the annual salary multiplied by the number of months worked per year and by a rate factor determined by years of service.

Supervisors hired after July 1, 2003, but before July 5, 2010: Upon retirement from a full-time position after completing 15 years of service and attaining age 57 or greater, the retiree shall receive a bimonthly stipend for a period of seven years. The amount of this stipend is based upon 50% of the annual salary multiplied by the number of months worked per year and by a rate factor determined by years of service.

The pension plan investment policies and investment disclosures are discussed in Note 1 and Note 3. For June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.50%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11: District Pension Plan and Benefits (Continued)

The components of the net pension liability of the District at June 30, 2018, were as follows:

Total pension liability	\$ 3,326,517
Plan fiduciary net position	(160,070)
<hr/>	
Net pension liability	\$ 3,166,447
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Plan fiduciary net position as a percentage of the total pension liability	4.8 %
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The total pension liability was determined by an actuarial valuation as of June 30, 2017. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 3.75%, net of pension plan investment expense, including inflation. Mortality, disability, and retirement rates are from the WRS experience for public schools. The actuarial assumptions used in the June 30, 2017, valuation were based on the results of a 2015 actuarial experience study using Wisconsin Retirement System (WRS) experience from 2012-2014.

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, (see discussion of the pension plan's investment policy) are summarized in the following table:

<i>Asset Class</i>	Long-Term Expected Real Rate of Return
External investment pool	3.75 %

The discount rate used to measure the total pension liability was 3.75%, as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11: District Pension Plan and Benefits (Continued)

Changes in the net pension liability (asset) for the year ended June 30, 2018, were as follows:

<i>Changes in Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2017	\$ 2,946,194	\$ (485,034)	\$ 3,431,228
Changes for the year:			
Service cost	177,197	-	177,197
Interest	99,710	-	99,710
Differences between expected and actual experience	467,866	-	467,866
Changes in assumptions or other input	7,425	-	7,425
Contributions - Employer	-	1,000,000	(1,000,000)
Net investment income	-	16,979	(16,979)
Benefit payments	(371,875)	(371,875)	-
Net changes	380,323	645,104	(264,781)
Balances at June 30, 2018	\$ 3,326,517	\$ 160,070	\$ 3,166,447

The following presents the net pension liability of the District, calculated using the discount rate of 3.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.75%) or 1 percentage point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
District's net pension liability	\$ 3,362,439	\$ 3,166,447	\$ 2,978,578

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11: District Pension Plan and Benefits (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$1,284,817. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 421,079	\$ (240,092)
Changes of assumptions	47,419	(38,527)
Net difference between projected and actual earnings on pension plan investments	-	(50,285)
Totals	\$ 468,498	\$ (328,904)

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2019	\$ (21,761)
2020	(20,302)
2021	(14,551)
2022	(8,347)
2023	(3,663)
Thereafter	208,218

At June 30, 2018, the District reported a payable of \$1,000,000 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found online 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-age 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 postretirement benefit.

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

Contribution rates as of June 30, 2018, were as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
25% postretirement coverage	20% of employee contribution

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (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, 2017, are as listed below:

Life Insurance Employee Contribution Rates For the Year Ended December 31, 2017

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

During the reporting period, the LRLIF recognized \$8,109 in contributions from the employer.

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

At June 30, 2018, the District reported a liability of \$1,284,817 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. 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, 2017, the District's proportion was 0.42705100%, which was an increase of 0.01909000% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized an OPEB expense of \$141,468.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (18,103)
Net differences between projected and actual earnings on pension plan investments	14,794	-
Change in assumptions	124,155	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,193	-
Employer contributions subsequent to the measurement date	4,027	-
Totals	\$ 183,169	\$ (18,103)

\$4,027 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. 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	Net Deferred Outflows (Inflows) of Resources
2019	\$ 26,094
2020	26,094
2021	26,094
2022	26,094
2023	22,396
Thereafter	34,267

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2017
Measurement date of net OPEB liability (asset)	December 31, 2017
Actuarial cost method	Entry age normal
20 year tax-exempt municipal bond yield	3.44%
Long-term expected rate of return	5.00%
Discount rate	3.63%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. government bonds	Barclays Government	1%	1.13%
U.S. credit bonds	Barclays Credit	65%	2.61%
U.S. long credit bonds	Barclays Long Credit	3%	3.08%
U.S. mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-term expected rate of return			5.00%

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Single Discount Rate: A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63%, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) or 1 percentage point higher (4.63%) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
District's proportionate share of the net OPEB liability (asset) \$	1,815,935	\$ 1,284,817	\$ 877,240

OPEB Plan Fiduciary Net Position

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

Note 13: District Other Postemployment Benefits

The District administers a single-employer defined benefit plan that provides OPEB benefits to eligible retirees as established by District policy. The School District Board manages the OPEB plan and has appointed the District Director of Business Services as trustee and investment manager. There are 426 active plan members, 93 inactive plan members currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits. The School Board has the authority to establish and amend the types of benefits provided through the OPEB plan. The School Board determines the amount contributed to the trust. Currently the contribution equals the amount needed to pay current benefits plus an additional amount to prefund benefits, as funding is available. The plan does not issue a standalone report.

Teachers hired prior to July 1, 2009: Teachers with 15 years of service in the District may elect to retire at age 57 or any year thereafter. The retiree will receive paid medical and dental premiums until he or she qualifies for Medicare (a maximum of eight years).

Administrators and Supervisors hired prior to July 1, 2003: Administrators with 10 years of consecutive teaching/administrative employment with the District (15 years of service for Supervisors) may elect to retire at age 55 or any year thereafter. The retiree will receive paid health and dental insurance until he or she qualifies for Medicare.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Other Postemployment Benefits (Continued)

Administrators hired on or after July 1, 2003, but before July 1, 2010: Administrators with 10 years of consecutive administrative employment with the District may elect to retire at age 57 or any year thereafter. Retirees will receive health/dental coverage until he or she qualifies for Medicare. Any increase in the school district medical/dental premiums after their retirement date will be paid for by the retiree.

Supervisors hired on or after July 1, 2003, but before July 5, 2010: Supervisors with 15 years of service may elect to retire at age 57 or any year thereafter. Retirees will receive health/dental coverage until they qualify for Medicare. Any increase in the District medical/dental premiums after their retirement date will be paid by the retiree.

The OPEB plan investment policies and investment disclosures are discussed in Note 1 and Note 3. Currently the plan is invested in WISC funds and a local government note. For June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 1.50%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the District at June 30, 2018, were as follows:

Total OPEB liability	\$ 17,593,319
Plan fiduciary net position	<u>(9,579,387)</u>
Net OPEB liability	<u>\$ 8,013,932</u>
Plan fiduciary net position as a percentage of the total OPEB liability	54.45 %

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 3.75%, net of OPEB plan investment expense, including inflation. The medical care trend at a rate of 7.50% decreasing by 0.50% per year down to 6.00%, then by 0.10% per year down to 5.00% and level thereafter. Actuarial assumptions are based upon an experience study conducted in 2015 using WRS experience from 2012-2014.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Other Postemployment Benefits (Continued)

The long-term expected rate of return on OPEB 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 OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018, (see discussion of the plan's investment policy) are summarized in the following table:

<i>Asset Class</i>	Long-Term Expected Real Rate of Return
WISC funds	3.75 %
Local government note	2.45 %

The discount rate used to measure the total pension liability was 3.75%, as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution. 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. 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.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Other Postemployment Benefits (Continued)

Changes in the net OPEB liability for the year ended June 30, 2018, were as follows:

<i>Changes in Net OPEB Liability</i>	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 23,934,041	\$ 9,899,664	\$ 14,034,377
Changes for the year:			
Service cost	1,131,969	-	1,131,969
Interest	831,146	-	831,146
Differences between expected and actual experience	(6,063,495)	-	(6,063,495)
Changes in assumptions or other input	(734,359)	-	(734,359)
Contributions - Employer	-	1,074,786	(1,074,786)
Contributions - Employee	20,302	20,302	-
Net investment income	-	110,920	(110,920)
Benefit payments	(1,526,285)	(1,526,285)	-
Net changes	(6,340,722)	(320,277)	(6,020,445)
Balances at June 30, 2018	\$ 17,593,319	\$ 9,579,387	\$ 8,013,932

The following presents the net OPEB liability of the District, calculated using the discount rate of 3.75%, as well as what the District's net OPEB liability would be if it were calculating using a discount rate that is 1 percentage point lower (2.75%) or 1 percentage point higher (4.75%) than the current rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
District's net OPEB liability	\$ 9,140,117	\$ 8,013,932	\$ 6,944,782

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Other Postemployment Benefits (Continued)

The following represents the District's net OPEB liability calculated using the health care cost trend rate of 7.5% decreasing to 5.0%, as well as what the District's net OPEB liability would be if it were calculated using the health care cost trend rate that is 1 percentage point lower (6.5% decreasing to 4.0%) or 1 percentage point higher (8.5% decreasing to 6.0%) than the current rate:

	1% Decrease (6.5% decreasing to 4.0%)	Health Care Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase to (8.5% decreasing to 6.0%)
District's net OPEB liability	\$ 6,578,159	\$ 8,013,932	\$ 9,682,610

For the year ended June 30, 2018, the District recognized OPEB expense of \$971,086. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (5,457,146)
Changes of assumptions or other input	-	(660,922)
Net difference between projected and actual earnings on OPEB plan investments	203,635	-
Totals	\$ 203,635	\$ (6,118,068)

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2019	\$ (628,876)
2020	(628,876)
2021	(628,876)
2022	(628,877)
2023	(679,785)
Thereafter	(2,719,143)

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13: District Other Postemployment Benefits (Continued)

At June 30, 2018, the District reported a payable of \$1,074,786 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

Note 14: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal year 2018.

The District has retained the risk of loss for its health program. The plan is accounted for in the General Fund of the District as required by the Department of Public Instruction. A third-party administrator is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. As part of the health care coverage, the District purchases stop-loss coverage, which pays claims in excess of \$110,000 up to unlimited per individual and claims in excess of \$13,621,261 up to \$1,000,000 in the aggregate per individual.

At June 30, 2018, the District has recorded a \$1,708,481 liability, which represents accrued health insurance premiums for the current contract year and estimated outstanding claims incurred that were reported and unreported on or before June 30, 2018.

	2018	2017
Unpaid claims at beginning of year	\$ 2,082,481	\$ 2,082,481
Current year claims	7,026,622	9,824,175
Claim payments	(7,400,622)	(9,824,175)
Totals	\$ 1,708,481	\$ 2,082,481

Note 15: Jointly Governed Organization

The District is served by Cooperative Education Service Agency No. 10 (CESA). CESA is a regional service entity organized to serve the educational needs of 29 school districts in all or parts of Barron, Buffalo, Chippewa, Dunn, Eau Claire, Jackson, Marathon, Price, Rusk, Sawyer, Taylor, and Trempealeau Counties. CESA is governed by an 11-member board of control elected from a delegate assembly, which consists of one school board member from each of the school districts in the CESA region, with special provisions made for areas served by union high/K-8 districts. Participating school districts have neither an ongoing financial interest nor responsibility. The District purchased \$74,010 of education services during the fiscal year. At June 30, 2018, due to/from other governments included \$500 for CESA.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 16: Related Parties

The District maintains investments with the Wisconsin Investment Series Cooperative (WISC) in the amount of \$15,925,732. The Business Manager of the District is also the WISC Chairman. The District invests funds throughout the year with WISC (see Note 3).

Note 17: Prior Year Restatement

As a result of the implementation of GASB Statement No. 75 related to the cost-sharing, multiple employer OPEB plan - Local Retiree Life Insurance (LRLIF), the governmental activities beginning net position was restated as follows:

	Governmental Activities
Balance at July 1, 2017, as previously reported	\$ 19,951,377
Subtract beginning total OPEB liability for OPEB plan - LRLIF	(990,476)
Add deferred outflows of resources - Contributions after the measurement date for OPEB plan - LRLIF	4,064
Balance at July 1, 2017, as restated	<u>\$ 18,964,965</u>

Required Supplementary Information

Chippewa Falls Area Unified School District

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local	\$ 22,500,086	\$22,500,086	\$22,614,278	\$ 114,192
Interdistrict	830,000	1,321,284	1,266,377	(54,907)
Intermediate	38,700	38,700	44,001	5,301
State	32,284,402	32,284,402	32,359,628	75,226
Federal	1,175,884	1,175,884	992,600	(183,284)
Other	130,000	130,000	238,015	108,015
Total revenues	56,959,072	57,450,356	57,514,899	64,543
Expenditures:				
Instruction:				
Undifferentiated curriculum	14,475,197	13,885,149	13,618,530	266,619
Regular curriculum	9,687,177	9,687,177	9,651,792	35,385
Vocational instruction	1,957,450	1,957,450	2,023,846	(66,396)
Physical curriculum	1,661,553	1,661,553	1,642,715	18,838
Co-curricular activities	838,785	838,785	753,567	85,218
Gifted and talented	1,123,487	1,123,487	1,033,887	89,600
Total instruction	29,743,649	29,153,601	28,724,337	429,264
Support services:				
Pupil services	1,856,778	1,856,778	1,926,234	(69,456)
Instructional staff services	2,040,868	2,040,868	2,133,501	(92,633)
General administration services	1,973,142	1,973,142	1,924,966	48,176
Building administration services	2,777,584	2,777,584	2,871,692	(94,108)
Business services	9,776,197	9,940,384	9,625,552	314,832
Central services	1,322,453	1,322,453	1,682,020	(359,567)
Insurance	514,100	514,100	478,515	35,585
Debt service	177,022	177,022	286,157	(109,135)
Other support services	27,067	27,067	406,462	(379,395)
Total support services	20,465,211	20,629,398	21,335,099	(705,701)
Non-program transactions:				
Purchased instructional services	1,678,000	2,606,303	2,585,989	20,314
Other nonprogram transactions	-	-	687	(687)
Total non-program transactions	1,678,000	2,606,303	2,586,676	19,627
Total expenditures	51,886,860	52,389,302	52,646,112	(256,810)

Chippewa Falls Area Unified School District

Budgetary Comparison Schedule - General Fund (Continued)

Year Ended June 30, 2018

	Original	Final	Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
Excess of revenues over expenditures	\$ 5,072,212	\$ 5,061,054	\$ 4,868,787	\$ (192,267)
Other financing sources (uses):				
Transfers out	(5,102,212)	(5,185,332)	(5,181,031)	4,301
Proceeds from sale of capital assets	30,000	307,900	278,909	(28,991)
Capital leases	-	-	301,200	301,200
Net other financing sources (uses)	(5,072,212)	(4,877,432)	(4,600,922)	276,510
Net change in fund balance	-	183,622	267,865	84,243
Fund balance - Beginning of year	6,081,648	6,081,648	6,081,648	-
Fund balance - End of year	\$ 6,081,648	\$ 6,265,270	\$ 6,349,513	\$ 84,243

See Independent Auditor's Report.

See accompanying notes to the Budgetary Comparison Schedule - General Fund.

Chippewa Falls Area Unified School District

Notes to the Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

Note 1: Budgetary Information

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction (DPI).

The legally adopted budget and budgetary expenditure control are exercised at the two-digit subfunction level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

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

Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as an assigned fund balance.

Chippewa Falls Area Unified School District
Notes to the Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2018

Note 2: Budgetary Comparisons

GAAP requires a budgetary comparison for the General Fund and each major special revenue fund.

Required comparisons are between the final budget and actual on a budgetary basis. The "original budget" represents the budget as approved by the school board after it sets the tax to be levied for the fiscal year. The "final budget" is the "original budget" adjusted for any budget amendments approved by the school board during the fiscal year and up to the time the financial statements are ready to be issued. The "actual on a budgetary basis" excludes the revenues, expenditures, and other financing sources (uses) of the special education fund and community service fund, which are treated as special revenue funds for budgetary purposes. The following schedule reconciles the "budgetary basis" revenues and expenditures of the *budgetary comparison schedule - general fund* to the *governmental funds - statement of revenues, expenditures, and changes in fund balances*:

	General Fund Actual on Budgetary Basis	Special Education Fund	Community Service Fund	General Fund Actual on GAAP Basis
Revenues	\$ 57,514,899	\$ 2,682,335	\$ 307,976	\$ 60,505,210
Expenditures	(52,646,112)	(7,862,713)	(250,612)	(60,759,437)
Other financing sources (uses)	(4,600,922)	5,180,378	-	579,456
Net change in fund balance	\$ 267,865	\$ -	\$ 57,364	\$ 325,229

Note 3: Excess of Expenditures Over Appropriations

For the year ended June 30, 2018, the General Fund had expenditures in excess of appropriations for the following two-digit subfunction categories:

	Budget	Actual	Actual Over Budget
Vocational instruction	\$ 1,957,450	\$ 2,023,846	\$ 66,396
Pupil services	1,856,778	1,926,234	69,456
Instructional staff services	2,040,868	2,133,501	92,633
Building administration services	2,777,584	2,871,692	94,108
Central services	1,322,453	1,682,020	359,567
Debt service	177,022	286,157	109,135
Other support services	27,067	406,462	379,395
Other nonprogram transactions	-	687	687

Chippewa Falls Area Unified School District
Schedules of the Employer's Proportionate Share of the Net Pension
Liability (Asset) and Employer Contributions - Wisconsin Retirement System
Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)
Last 10 Calendar Years*

	2018	2017	2016	2015
Measurement date	12/31/17	12/31/16	12/31/15	12/31/14
District's proportion of the net pension liability (asset)	0.19367705%	0.19107927%	0.18455662%	0.17608579%
District's proportionate share of the net pension liability (asset)	\$ (5,750,501)	\$ 1,574,949	\$ 2,999,009	\$ (4,325,149)
District's covered payroll	\$ 28,327,731	\$ 28,092,202	\$ 27,827,462	\$ 25,639,676
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(20.30)%	5.61 %	10.78 %	(16.87)%
Plan fiduciary net position as a percentage of the total pension liability	102.93 %	99.12 %	98.20 %	102.74 %

Schedule of the Employer Contributions
Wisconsin Retirement System (WRS)
Last 10 Fiscal Years*

	2018	2017	2016	2015
Contractually required contributions	\$ 1,956,281	\$ 1,885,257	\$ 1,886,538	\$ 1,866,224
Contributions in relation to the contractually required contribution	(1,956,281)	(1,885,257)	(1,886,538)	(1,866,224)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll for the fiscal period	\$ 28,987,721	\$ 28,130,054	\$ 28,163,320	\$ 27,059,106
Contributions as a percentage of covered payroll	6.75 %	6.70 %	6.70 %	6.90 %

Notes to the Schedules:

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

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

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Changes in the Employer's Net Pension Liability (Asset) and Related Ratios - District Pension Plan

Last 10 Fiscal Years*

	2018	2017	2016	2015
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Total pension liability:				
Service cost	\$ 177,197	\$ 168,581	\$ 168,581	\$ 212,624
Interest on the total pension liability	99,710	108,015	129,105	128,482
Differences between expected and actual experience	467,866	-	(384,149)	-
Changes of assumptions on other inputs	7,425	49,789	(61,645)	-
Benefit payments	(371,875)	(352,583)	(476,013)	(618,419)
Net change in total pension liability	380,323	(26,198)	(624,121)	(277,313)
Total pension liability - Beginning	2,946,194	2,972,392	3,596,513	3,873,826
Total pension liability - Ending	\$ 3,326,517	\$ 2,946,194	\$ 2,972,392	\$ 3,596,513
Plan fiduciary net position:				
Contributions - Employer	\$ 1,000,000	\$ 850,000	\$ -	\$ -
Net investment income	16,979	5,155	630	186
Benefit payments, including refunds of employee contributions	(371,875)	(352,583)	(476,013)	(618,419)
Net change in plan fiduciary net position	645,104	502,572	(475,383)	(618,233)
Plan fiduciary net position - Beginning	(485,034)	(987,606)	(512,223)	106,010
Plan fiduciary net position - Ending	\$ 160,070	\$ (485,034)	\$ (987,606)	\$ (512,223)
District's net pension liability (asset) - Ending	\$ 3,166,447	\$ 3,431,228	\$ 3,959,998	\$ 4,108,736

Chippewa Falls Area Unified School District
Schedule of Changes in the Employer's Net Pension
Liability (Asset) and Related Ratios - District Pension Plan (Continued)
Last 10 Fiscal Years*

	2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	4.81 %	(16.46)%	(33.23)%	(14.24)%
Covered-employee payroll	\$11,666,167	\$ 9,576,851	\$13,692,462	\$ 14,149,613
District's net pension liability as a percentage of covered-employee payroll	27.14 %	35.83 %	28.92 %	29.04 %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Employer Contributions - District Pension Plan

Last 10 Fiscal Years*

	2018	2017	2016	2015
Actuarially determined contribution	\$ 867,077	\$ 949,424	\$ 315,973	\$ 314,710
Contributions in relation to the actuarially determined contribution	1,000,000	850,000	-	-
Contribution deficiency (excess)	\$ (132,923)	\$ 99,424	\$ 315,973	\$ 314,710
Covered-employee payroll	\$ 11,666,167	\$ 9,576,851	\$ 13,692,462	\$ 14,149,613
Contributions as a percentage of covered-employee	8.57 %	8.88 %	0.00 %	0.00 %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Investment Returns - District Pension Plan

Last 10 Fiscal Years*

	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	1.50 %	0.49 %	- %	- %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District
Notes to Required Supplementary Information - District Pension Plan
Year Ended June 30, 2018

Note 1: Valuation Date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Note 2: Methods and Assumptions Used to Determine Contribution Rates

Measurement date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial cost method:	Entry age normal	Entry age normal	Entry age normal	Unit credit
Amortization method:	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period:	5 years	5 years	30 years	30 years
Asset valuation method:	Market value	Market value	Market value	Market value
Inflation:	2.5%	2.5%	2.5%	4.0%
Salary increases:	3.0%	3.0%	3.0%	3.0%
Investment rate of return:	3.75%	3.5%	3.75%	5.5%
Retirement age:	WRS 2015 mortality table	WRS 2012 mortality table	WRS 2012 mortality table	WRS 2012 mortality table
Mortality:	WRS 2015 mortality table	WRS 2012 mortality table	WRS 2012 mortality table	WRS 2012 mortality table

Note 3: Changes in Benefits

There were no changes in benefits.

Chippewa Falls Area Unified School District
Schedules of the Employer's Proportionate Share of the Net OPEB
Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund
Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net OPEB Liability (Asset)
Local Retiree Life Insurance Fund (LRLIF)
Last 10 Calendar Years*

	2018
Measurement date	12/31/2017
District's proportion of the net OPEB liability (asset)	0.42705100 %
District's proportionate share of the net OPEB liability (asset)	\$ 1,284,817
District's covered payroll	\$ 19,075,158
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	6.74 %
Plan fiduciary net position as a percentage of the total OPEB liability	44.81 %

Schedule of Employer Contributions
Local Retiree Life Insurance Fund (LRLIF)
Last 10 Fiscal Years*

	2018
Contractually required contributions for the fiscal period	\$ 8,128
Contributions in relation to the contractually required contributions	(8,128)
Contribution deficiency (excess)	\$ -
District's covered payroll for the fiscal period	\$ 19,841,910
Contributions as a percentage of covered payroll	0.04 %

Notes to the Schedules:

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

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

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios - District OPEB Plan

Last 10 Fiscal Years*

	2018	2017
Measurement date	6/30/2018	6/30/2017
Total OPEB liability:		
Service cost	\$ 1,131,969	\$ 1,131,968
Interest	831,146	820,461
Employee contributions	20,302	21,430
Differences between expected and actual experience	(6,063,495)	-
Changes of assumptions or other input	(734,359)	-
Benefit payments including refunds of member contributions	(1,526,285)	(1,809,702)
Net change in total OPEB liability	(6,340,722)	164,157
Total OPEB liability - Beginning	23,934,041	23,769,884
Total OPEB liability - Ending	\$ 17,593,319	\$ 23,934,041
Plan fiduciary net position:		
Contributions - Employer	\$ 1,074,786	\$ -
Contributions - Employee	20,302	21,430
Net investment income	110,920	40,871
Benefit payments, including refunds of employee contributions	(1,526,285)	(1,809,702)
Net change in plan fiduciary net position	(320,277)	(1,747,401)
Plan fiduciary net position - Beginning	9,899,664	11,647,065
Plan fiduciary net position - Ending	\$ 9,579,387	\$ 9,899,664
District's net OPEB liability - Ending	\$ 8,013,932	\$ 14,034,377
Plan fiduciary net position as a percentage of the total OPEB liability	54.45 %	41.36 %
Covered-employee payroll	\$ 24,716,887	\$ 9,576,851
District's net OPEB liability as a percentage of covered-employee payroll	32.42 %	146.54 %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Employer Contributions - District OPEB Plan

Last 10 Fiscal Years*

	2018	2017
Actuarially determined contribution	\$ 1,256,152	\$ 1,527,511
Contributions in relation to the actuarially determined contribution	(1,074,786)	(1,527,511)
Contribution deficiency (excess)	\$ 181,366	\$ -
Covered-employee payroll	\$ 24,716,887	\$ 9,576,851
Contributions as a percentage of covered-employee payroll	(4.35)%	(15.95)%

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Investment Returns - District OPEB Plan

Last 10 Fiscal Years*

	2018	2017
Annual money-weighted rate of return, net of investment expense	1.50 %	0.49 %

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Notes to Required Supplementary Information - District OPEB Plan

Year Ended June 30, 2018

Note 1: Valuation date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Note 2: Methods and Assumptions Used to Determine Contribution Rates

Measurement date:	June 30, 2018	June 30, 2017
Actuarial cost method:	Entry age normal, level percent of salary	Entry age normal, level percent of salary
Amortization method:	Level dollar	Level dollar
Remaining amortization period:	30 years	30 years
Asset valuation method:	Market value	Market value
Inflation:	2.5%	2.5%
Health care trend rates:	7.50% initial, decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter	7.50% initial, decreasing by 0.5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Salary increases:	3.0%, average, including inflation	3.0%, average, including inflation
Investment rate of return:	3.75%	3.5%
Trend and retirement:	Wisconsin Retirement System (WRS) experience study from 2012- 2014	All of the demographic assumptions used in this actuarial study are approximately the same as those used in the December 31, 2014, Wisconsin Retirement System (WRS) annual report.

Note 3: Changes in Benefits

There were no changes in benefits.

Supplementary Financial Information

Chippewa Falls Area Unified School District
Fiduciary Fund - Schedule of Changes in Assets and Liabilities
(Student Organizations' Agency Fund)
Year Ended June 30, 2018

<i>Assets</i>	Balance 07/01/17	Additions	Deductions	Balance 06/30/18
Cash	\$ 250,383	\$ 1,046,607	\$ 888,545	\$ 408,445
TOTAL ASSETS	\$ 250,383	\$ 1,046,607	\$ 888,545	\$ 408,445
<i>Liabilities</i>				
Due to student organizations:				
High school	\$ 190,969	\$ 912,232	\$ 738,285	\$ 364,916
Middle school	59,414	134,375	150,260	43,529
TOTAL LIABILITIES	\$ 250,383	\$ 1,046,607	\$ 888,545	\$ 408,445

See Independent Auditor's Report.

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Wisconsin Department of Public Instruction				
Child Nutrition Cluster:				
School Breakfast Program July 1, 2017-June 30, 2018	10.553	2018-091092-SB-546	\$ -	\$ 412,185
National School Lunch Program (Cash Assistance) July 1, 2017-June 30, 2018	10.555	2018-091092NSL-547	-	934,028
National School Lunch Program (Non-Cash Assistance) July 1, 2017-June 30, 2018	10.555	2018-091092-NSL-547	-	229,199
National School Lunch Area Eligible Snack Program July 1, 2017-June 30, 2018	10.555	2018-091092-NSL-Snacks-566	-	3,299
TOTAL 10.555			-	1,166,526
Summer Food Service Program for Children July 1, 2017-June 30, 2018	10.559	2018-091092-SFSP-586	-	24,370
TOTAL CHILD NUTRITION CLUSTER			-	1,603,081
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	1,603,081
U.S. DEPARTMENT OF EDUCATION				
Wisconsin Department of Public Instruction				
Special Education Cluster (IDEA):				
Special Education Grants to States July 1, 2017-June 30, 2018	84.027	2018-091092-IDEA-341	-	782,124
Special Education Preschool Grants July 1, 2017-June 30, 2018	84.173	2018-091092-Pre-S-347	-	19,053
CESA #11 Special Education Grants to States July 1, 2017-June 30, 2018	84.027	N/A	-	500
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			-	801,677

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)				
Wisconsin Department of Public Instruction				
Title I Grants to Local Educational Agencies				
July 1, 2017-June 30, 2018	84.010	2018-091092-Title I-141	\$ -	\$ 580,561
Improving Teacher Quality State Grants				
July 1, 2017-June 30, 2018	84.367	2018-091092-Title II-365	-	76,522
CESA #10				
Career and Technical Education - Basic Grants to States				
July 1, 2017-June 30, 2018	84.048	N/A	-	31,213
English Language Acquisition Grants				
July 1, 2017-June 30, 2018	84.365	N/A	-	1,788
TOTAL U.S. DEPARTMENT OF EDUCATION			-	1,491,761
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Wisconsin Department of Health Services				
Medicaid Cluster:				
Medical Assistance Program				
July 1, 2017-June 30, 2018	93.778	N/A	-	476,279
TOTAL MEDICAID CLUSTER			-	476,279
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	476,279
TOTAL FEDERAL AWARDS			\$ -	\$ 3,571,121

See Independent Auditor's Report.

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

Chippewa Falls Area Unified School District

Schedule of State Financial Assistance

Year Ended June 30, 2018

<u>State Grantor/Program</u>	<u>State I.D. Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Amount Provided to Subrecipients</u>	<u>Grantor Expenditures</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION				
Special Education and School Age Parents	255.101			
District Programs		091092-100	\$ -	\$ 1,698,576
Participant in Package Program at CESA #10		N/A	-	20,304
Total Special Education and School Age Parents				- 1,718,880
State School Lunch Aid	255.102	091092-107	-	28,294
Common School Fund Library Aid	255.103	091092-104	-	233,508
Gen Trans Aid for Public and NP Sch Pupils	255.107	091092-102	-	193,546
Equalization Aids	255.201	091092-116	-	29,287,817
State School Breakfast Aid	255.344	091092-108	-	31,341
Educator Effective Eval Sys Grants Public	255.940	091092-154	-	32,320
Per Pupil Aid	255.945	091092-113	-	2,325,600
Career and Technical Education Incentive Grants	255.950	091092-152	-	41,810
Assessments of Reading Readiness	255.956	091092-166	-	7,182
Robotics League Participation Grants	255.959	091092-167	-	2,592
Aid for Special Education Transition Grant BBL	255.960	091092-168	-	14,000
Total Wisconsin Department of Public Instruction				- 33,916,890
WISCONSIN DEPARTMENT OF REVENUE				
Computer Aid	835.109	N/A	-	215,465
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT				
CESA #10				
Chippewa Valley Youth Apprenticeship	20.445(7)(b)	N/A	-	10,500
WISCONSIN DEPARTMENT OF NATURAL RESOURCES				
Payments in Lieu of Taxes	370.503	N/A	-	15,787
TOTAL STATE FINANCIAL ASSISTANCE			\$ -	\$ 34,158,642

See Independent Auditor's Report.

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

Chippewa Falls Area Unified School District

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

Year Ended June 30, 2018

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the District under programs of the federal and state government for the year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and *State of Wisconsin Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Special Education and School Age Parents Program

2017-2018 eligible costs under the State Special Education Program were \$7,090,630.

Other Reports



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States 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 Chippewa Falls Area Unified School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs (2018-001) that we consider to be a significant deficiency.

Compliance and Other Matters

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

Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on it.

Purpose of This Report

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

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

Wipfli LLP

December 3, 2018
Eau Claire, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Chippewa Falls Area Unified School District (the "District")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Pupil Transportation

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding State I.D. Number 255.107, Pupil Transportation, as described in 2018-002 for reporting. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Pupil Transportation

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Pupil Transportation program for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal and State Programs

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (Continued)

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 identify a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-002 that we consider to be a material weakness.

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

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

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 3, 2018
Eau Claire, Wisconsin

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X 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 X No

Identification of major federal program(s)

CFDA Number	Name of Federal Program or Cluster
84.027 and 84.173	Special Education Cluster
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2018

I. Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

 X Yes No

Significant deficiency(ies) identified?

 Yes X None reported

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

Pupil Transportation - Qualified
All Others - Unmodified

Any audit findings disclosed that are required to be reported in accordance with *State of Wisconsin Single Audit Guidelines*?

 Yes X No

Identification of major state program(s):

State I.D. Number

Name of State Program

255.201

General Equalization

255.107

Pupil Transportation

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2018

II. Financial Statement Findings

2018-001: Financial Accounting and Reporting

Criteria - The District is responsible for reporting financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP).

Condition - As part of our professional services for the year ended June 30, 2018, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause - The District does not expect, nor does it require, its financial staff to have the ability to prepare GAAP financial statements.

Effect - As a result of not having an individual trained in the preparation of GAAP basis financial statements, the completeness of the financial statement disclosures and the accuracy of the financial statement presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District as its own management.

Recommendation - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

III. Federal Findings and Questioned Costs

None.

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2018

IV. State Findings and Questioned Costs (Continued)

2018-002: Reporting

Program Affected - Pupil Transportation State I.D. Number 255.107, Grant No. 091092-102, direct funding from the Wisconsin Department of Public Instruction (DPI), Grant Period: July 1, 2017, through June 30, 2018.

Criteria - The District should have available, as supporting documentation, a listing of pupils transported at least once during the school year with home-to-school distance using the most direct route (regular school year and summer school year transportation) or distance to instructional site (vocational transportation).

Condition - During our testing of the District's transportation table for 2018, we selected a total of 40 students from the various mileage categories. Two out of the 40 students tested were reported in the incorrect mileage category.

Known Questioned Costs - Unknown.

Cause - Mileage calculations were not reviewed to ensure the most direct route was used.

Effect - The District's aid calculation for the Pupil Transportation program may not be correct.

Recommendation - We recommend the District implement policies and procedures to make sure that home-to-school or instructional site distance using the most direct route is regularly updated to ensure proper reporting.

Management's Response - Will follow procedures and practices for measuring distances to school.

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2018

V. 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 noncompliance, nonmaterial noncompliance, 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 of Wisconsin Single Audit Guidelines*:

Department of Public Instruction	Yes
Department of Revenue	No
Department of Natural Resources	No
Department of Workforce Development	No
Department of Health Services	No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes



Name of Partner

Dan Walker, CPA

Date

December 3, 2018

Chippewa Falls Area Unified School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2018

Financial Statement Findings

2017-001: Segregation of Duties - See finding 2018-001.

Federal Award Findings and Questioned Costs

None.

State Financial Assistance Findings and Questioned Costs

2017-002: Reporting - See finding 2018-002.



CHIPPEWA FALLS
AREA UNIFIED SCHOOL DISTRICT

District Office
1130 Miles Street
Chippewa Falls, WI 54729-1998
Ph: 715-726-2417
Fax: 715-726-2781
Http://cfsd.chippfalls.k12.wi.us

December 3, 2018

Dr. Heidi Eliopoulos
Superintendent of Schools

Chippewa Falls Area Unified School District
1130 Miles Street
Chippewa Falls, WI 54729

Christine McMasters
Executive Director
Student Services

The Chippewa Falls Area Unified School District submits the following corrective action plans for the identified findings and questioned costs for the year ended June 30, 2018.

Michelle Golden
Executive Director
Human Resources &
Public Relations

Finding 2018-001

Corrective Action

Susan Kern
Executive Director
Curriculum &
Instruction

The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Chad Trowbridge
Executive Director
Business Services &
Finance

Person Responsible

Chad Trowbridge and Jessica Miller

Sarah Radcliffe
Director
Educational Technology

Anticipated Completion Date
Ongoing

Finding 2018-002

Corrective Action

Follow procedures and practices for measuring distances to school

Person Responsible

Chad Trowbridge and Chippewa Yellow Bus

Anticipated Completion Date
December 3, 2018

Respectfully submitted,

Responsible Party