



MINERAL POINT UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended June 30, 2019

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Mineral Point Unified School District
June 30, 2019
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Mineral Point Unified School District
Mineral Point, Wisconsin

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 12 and budgetary comparison information and the Wisconsin Retirement System schedules on pages 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mineral Point Unified School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
October 17, 2019

**MINERAL POINT UNIFIED
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

The discussion and analysis of the Mineral Point Unified School District's financial information provides an overall review of financial activities for the fiscal year. The analysis generally focuses on school district financial performance as a whole. It should be read in conjunction with the Independent Auditor's Report at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total governmental revenues were \$11,908,669; including \$4,109,457 of property taxes, \$4,391,746 of state formula aid, and \$3,407,466 of charges for services, operating grants, capital grants, gain on sale of fixed assets, interest and investment earnings and miscellaneous revenue. Total governmental expenditures were \$11,766,073; including \$6,978,737 for direct instruction.

The District amount of outstanding long-term obligations and non-current liabilities increased by \$10,611,144, mainly due to a \$10,000,000 bond anticipation note issued prior to year-end.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

District-wide financial statements

- The district-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business.
- The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 13 and 14 of this report.

**MINERAL POINT UNIFIED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Fund financial statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's short-term financing requirements.
- There are two fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance*. Generally, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements, it is useful to make comparison between the information presented. By doing so, readers may better understand the long-term implication of the government's short-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The District has two kinds of funds: *governmental* and *fiduciary*. *Governmental funds* include the District's six ongoing funds (general and special education, special revenue trust, community service, debt service, food service and capital project). The District also has two *fiduciary funds*. One of the *fiduciary funds* serves as an agency fund for student organizations. The other fund is a private purpose trust fund which accounts for donations for scholarships and other bequests.
- Financial information is presented separately on both the *Balance Sheet* and *Statement of Revenues, Expenditures and Changes in Fund Balance* for the general/special education fund and capital projects fund as these are considered to be major funds. Data for the special revenue trust, community service, capital projects, food service, and debt service funds is combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information.
- The District serves as a trustee, or *fiduciary*, for student organizations and for scholarship donations. The assets of these organizations and scholarships do not directly benefit the District. *Fiduciary* activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operation. Fiduciary fund statements are presented on pages 19 and 20.
- The District adopts an annual appropriated budget for its general fund and special education fund. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statements are on pages 48 and 49 of this report.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Notes to the financial statements

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 47 of this report.

The major features of the District's financial statements, including the portion of the activities reported and the type of information contained is shown in the table below.

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, capital projects and debt service.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	- Statement of Net Position - Statement of Activities	- Balance Sheet - Statement of Revenues, Expenditures and Changes in Fund Balances	- State of Fiduciary Net Position - Statement of Changes in Fiduciary Net Position
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2019.

**Table 1
Condensed Statement of Net Position**

	Total School District	
	2019	2018
Current assets	\$13,856,743	\$3,611,386
Noncurrent assets	8,646,161	9,246,052
Total assets	<u>\$22,502,904</u>	<u>\$12,857,438</u>
Deferred pension outflows	\$ 2,614,074	\$ 1,398,802
Total deferred outflows	<u>\$ 2,614,074</u>	<u>\$ 1,398,802</u>
Total assets & deferred outflows	<u>\$25,116,978</u>	<u>\$14,256,240</u>
Current liabilities	\$ 642,337	\$ 259,343
Long-term liabilities	12,210,000	1,598,856
Total liabilities	<u>\$12,852,337</u>	<u>\$ 1,858,199</u>
Deferred pension inflows	\$1,435,892	\$1,711,888
Total deferred inflows	<u>\$1,435,892</u>	<u>\$1,711,888</u>
Net position		
Net investment in capital assets	\$17,517,211	\$7,688,855
Restricted	11,437,311	1,205,742
Unrestricted	(18,125,773)	1,811,556
Total net position	<u>\$10,828,749</u>	<u>\$10,686,173</u>

**MINERAL POINT UNIFIED
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Table 2, below, provides a summary of the District's operating results and their impact on net position for the year ended June 30, 2019. The District relied primarily on property taxes (34.51%) and state aids (36.88%) to fund its operations. Combined, these account for 71.39% of all revenues or \$8.50 million. Program revenues, in the form of charges for services (2.40%), operating grants and contributions (22.78%) and capital grants and contributions (1.05%), and other (.38%) accounted for \$3.41 million of the total revenue of \$11.91 million.

**Table 2
Changes in Net Position from Operating Results**

	Total School District	
	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues		
Charges for services	\$ 285,524	\$ 276,113
Operating grants and contributions	2,950,590	2,590,989
Capital grants and contributions	125,635	114,851
General revenues		
Property taxes	4,109,457	4,235,996
State formula aid	4,391,746	4,327,351
Other	44,213	9,426
Total revenues	<u>\$11,907,165</u>	<u>\$11,554,726</u>
Expenses		
Instruction	\$ 6,978,737	\$ 6,681,377
Pupil and instructional services	943,362	834,406
Administration	2,750,826	2,733,689
Central services/Insurance	178,671	382,679
Interest	49,521	21,206
Other support services	365,991	239,790
Purchased instructional services	498,965	451,478
Total expenses	<u>\$11,766,073</u>	<u>\$11,344,625</u>
Gain on disposal of fixed assets	<u>1,504</u>	
Changes in Net Position	<u>\$ 142,596</u>	<u>\$ 210,101</u>

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Table 3, below, shows the District's total cost for providing the seven major district activities and their respective net cost. The net cost of services is the result after subtracting charges for services and operating grants and contributions that the District used to offset the program's total cost. The cost of all governmental activities this year was \$11,766,073. Individuals who directly participated or benefited from a program offering paid for \$285,524 of costs. Federal, state governments, and local aid subsidized certain programs with grants and contributions of \$3,076,325. General revenues of the District financed the net cost of governmental activities \$8,546,920.

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2019	2019	2018	2018
Instruction	\$ 6,978,737	\$ 4,323,116	\$ 6,681,377	\$ 4,364,491
Pupil and instructional services	943,362	773,663	834,406	689,284
Administration	2,750,826	2,276,355	2,733,689	2,266,922
Central services /Insurances	178,671	178,671	382,679	382,679
Other support services	165,525	165,525	39,324	39,324
Interest expense	49,521	321	21,206	(10,859)
Depreciation-Unallocated	200,466	200,466	200,466	200,466
Purchased instruction services	498,965	486,207	451,478	430,365
Total	\$ 11,766,073	\$ 8,404,324	\$ 11,344,625	\$ 8,362,672

Table 4, below provides a summary of the District's fiduciary funds net position for the year ended June 30, 2019.

**Table 4
Statement of Net Position – Fiduciary Funds**

	Private Purpose Trust	Agency Fund	Totals 2019	Totals 2018
Assets				
Cash and investments	\$94,400	\$22,258	\$116,658	\$125,981
Total assets	\$94,400	\$22,258	\$116,658	\$125,981
Liabilities				
Due to student groups		\$22,258	\$22,258	\$27,583
Total liabilities		\$22,258	\$22,258	\$27,583
Net Position				
Reserved for scholarships	\$94,400		\$94,400	\$98,398
Total liabilities and net position	\$94,400	\$22,258	\$116,658	\$125,981

**MINERAL POINT UNIFIED
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Table 5, below shows the original and final budgeted amounts and the actual budget and variance with the final budget.

	Budgeted Amounts		Actual	Variance with Original Budget Favorable (Unfavorable)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)	(Unfavorable)
REVENUES					
Property taxes	\$ 3,578,989	\$ 3,507,408	\$ 3,516,910	\$ (62,079)	\$ 9,502
Other local sources	51,850	51,850	68,610	16,760	16,760
Interdistrict sources	726,620	851,727	808,060	81,440	(43,667)
Intermediate sources	4,000	4,000	4,191	191	191
State sources	5,153,626	5,154,960	5,229,192	75,566	74,232
Federal sources	109,226	109,226	189,967	80,741	80,741
Other sources			52	52	52
Total revenues	9,624,311	9,679,171	9,816,982	192,671	137,811
EXPENDITURES					
Instruction:					
Undifferentiated instruction	2,257,514	2,177,083	2,128,335	129,179	48,748
Regular instruction	1,938,473	1,941,473	1,894,188	44,285	47,285
Vocational instruction	312,823	314,923	318,744	(5,921)	(3,821)
Physical instruction	228,543	228,543	234,451	(5,908)	(5,908)
Co-curricular activities	373,327	400,009	399,248	(25,921)	761
Total instruction	5,110,680	5,062,031	4,974,966	135,714	87,065
Support Services:					
Pupil services	248,952	264,152	249,821	(869)	14,331
Instructional staff services	373,339	366,476	364,180	9,159	2,296
General administration services	274,799	233,137	218,192	56,607	14,945
Building administration services	418,789	456,581	515,421	(96,632)	(58,840)
Business administration	1,265,379	1,292,021	1,558,562	(293,183)	(266,541)
Central services	248,420	47,220	48,787	199,633	(1,567)
Insurance	87,500	87,500	74,930	12,570	12,570
Principal and interest	58,033	110,033	63,233	(5,200)	46,800
Other support services	155,000	374,100	325,279	(170,279)	48,821
Total support services	3,130,211	3,231,220	3,418,405	(288,194)	(187,185)
Non-Program Transactions:					
Purchased instructional services	316,996	316,996	377,022	(60,026)	(60,026)
Total expenditures	8,557,887	8,610,247	8,770,393	(212,506)	(160,146)
Excess (deficiency) of revenues over expenditures	1,066,424	1,068,924	1,046,589	(19,835)	(22,335)
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds			107,913	107,913	107,913
Transfers out	(1,066,424)	(1,068,924)	(1,138,064)	(71,640)	(69,140)
Total other financing sources (uses)	(1,066,424)	(1,068,924)	(1,030,151)	36,273	38,773
Net change in fund balance			16,438	16,438	16,438
Fund balance - beginning	2,285,587	2,285,587	2,285,587		
Fund balance - ending	\$ 2,285,587	\$ 2,285,587	\$ 2,302,025	\$ 16,438	\$ 16,438

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS
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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u> <u>Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>
REVENUES					
Interdistrict sources	\$ 4,264	\$ 4,264	\$	\$ (4,264)	\$ (4,264)
Intermediate sources					
State sources	393,993	393,993	425,840	31,847	31,847
Federal sources	213,659	213,659	255,070	41,411	41,411
Total revenues	<u>611,916</u>	<u>611,916</u>	<u>680,910</u>	<u>68,994</u>	<u>68,994</u>
EXPENDITURES					
Instruction:					
Special instruction	<u>1,233,842</u>	<u>1,233,842</u>	<u>1,278,935</u>	<u>(45,093)</u>	<u>(45,093)</u>
Total instruction	<u>1,233,842</u>	<u>1,233,842</u>	<u>1,278,935</u>	<u>(45,093)</u>	<u>(45,093)</u>
Support Services:					
Pupil services	111,540	111,540	97,150	14,390	14,390
Instructional staff services	143,815	143,815	153,016	(9,201)	(9,201)
Building administration services	2,000	2,000	1,800	200	200
Business administration	<u>27,000</u>	<u>27,000</u>	<u>43</u>	<u>26,957</u>	<u>26,957</u>
Total support services	<u>284,355</u>	<u>284,355</u>	<u>252,009</u>	<u>32,346</u>	<u>32,346</u>
Non-Program Transactions:					
Purchased instructional services	<u>160,143</u>	<u>160,143</u>	<u>110,389</u>	<u>49,754</u>	<u>49,754</u>
Total non-program transactions	<u>160,143</u>	<u>160,143</u>	<u>110,389</u>	<u>49,754</u>	<u>49,754</u>
Total expenditures	<u>1,678,340</u>	<u>1,678,340</u>	<u>1,641,333</u>	<u>37,007</u>	<u>37,007</u>
Excess of revenues over (under) expenditures	<u>(1,066,424)</u>	<u>(1,066,424)</u>	<u>(960,423)</u>	<u>106,001</u>	<u>106,001</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	<u>1,066,424</u>	<u>1,066,424</u>	<u>960,423</u>	<u>(106,001)</u>	<u>(106,001)</u>
Total other financing sources (uses)	<u>1,066,424</u>	<u>1,066,424</u>	<u>960,423</u>	<u>(106,001)</u>	<u>(106,001)</u>
Net change in fund balances					
Fund balance - beginning	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**MINERAL POINT UNIFIED
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$13,769,752 up from last year's ending fund balance of \$3,501,382.

- The general fund had an increase in fund balance of \$16,438.
- The capital projects fund had an increase in fund balance of \$9,751,446.
- The debt service fund had an increase in fund balance of \$452,043. The fund balance of the debt service fund will fluctuate from year to year. The District makes principal and interest payments in April, and is required to carry a balance at least sufficient to cover the payments until property taxes are collected in the second half of the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019 the District had invested over \$17.75 million in capital assets, including buildings, site improvements, and furniture and equipment (see Table 6 below). The District recognized depreciation expense of \$ 653,821 for this fiscal year. Detailed information about capital assets can be found in Note 4 to the financial statements.

Table 6

	Capital Assets	
Governmental Activities	Balance 6/30/2019	Balance 6/30/2018
Total capital assets, not being depreciated	<u>\$ 237,250</u>	<u>\$ 283,122</u>
Total capital assets, being depreciated	<u>17,517,447</u>	<u>16,567,576</u>
Total capital assets	<u>17,754,697</u>	<u>16,850,698</u>
Total accumulated depreciation	<u>9,108,536</u>	<u>8,458,914</u>
Governmental activities capital assets, net	<u>\$ 8,646,161</u>	<u>\$ 8,391,784</u>

**MINERAL POINT UNIFIED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Long-Term Obligations

At the end of fiscal year 2019, the District had \$12,210,000 in general obligation bonds and other long-term debt and liabilities (see Table 7 below). The District's outstanding long-term obligations increased by \$10,611,144. Detailed information about the District's long-term obligations is presented in Note 5 to the financial statements.

Table 7

Outstanding Long-Term Obligations

	<u>Total School District</u>	
	<u>2019</u>	<u>2018</u>
Notes Payable	\$ 932,831	\$ 1,031,044
Bond anticipation notes	10,000,000	
Other	775,300	707,098
Net Pension Liability	1,026,799	
Current portion	(524,930)	(139,286)
Total	\$12,210,000	\$ 1,598,856

FACTORS BEARING ON THE DISTRICT'S FUTURE

Circumstances that may impact the District's financial status in the future are as follows:

- The District will have a slight increase in enrollment for 2019-2020.
- The District reduced the Alternate Benefit Plan (ABP) payout from a single plan (88%) to \$3,500.
- Both the support and certified groups are settled for the 2019-2020 year. Both groups share an Employee Handbook Agreement.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Mitch Wainwright, District Administrator, (608) 987-0730 or Marsha Kjelland, District Bookkeeper, (608) 987-0742, Mineral Point Unified School District, 705 Ross Street, Mineral Point, WI 53565.

BASIC FINANCIAL STATEMENTS

Exhibit A-1
Mineral Point Unified School District
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,741,294
Cash and cash equivalents - restricted	10,571,202
Taxes receivable	1,232,197
Inventory	7,463
Due from other governmental units	170,551
Prepays	134,036
Total current assets	13,856,743
Noncurrent assets:	
Capital assets	
Property, plant and equipment	17,754,697
Less: accumulated depreciation	(9,108,536)
Net book value of capital assets	8,646,161
Total noncurrent assets	8,646,161
Total assets	22,502,904
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	2,614,074
Total assets and deferred outflows of resources	\$ 25,116,978
LIABILITIES	
Current liabilities:	
Accrued salaries and wages	\$ 42,007
Accounts payable	44,984
Accrued interest payable	30,416
Current portion of long-term obligations	524,930
Total current liabilities	642,337
Noncurrent liabilities:	
Notes and bonds payable	932,831
Anticipation notes	10,000,000
Capital lease	196,119
Vested employee sick leave	579,181
Net pension liability	1,026,799
Less: current portion	(524,930)
Total noncurrent liabilities	12,210,000
Total liabilities	12,852,337
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	1,435,892
NET POSITION	
Net investment in capital assets	7,517,211
Restricted	11,437,311
Unrestricted	(8,125,773)
Total net position	10,828,749
Total liabilities, deferred inflows of resources, and net position	\$ 25,116,978

See accompanying notes to the basic financial statements.

Exhibit A-2
Mineral Point Unified School District
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 4,464,338	\$ 22,121	\$ 1,654,806	\$ (2,787,411)
Vocational education	356,030		15,189	(340,841)
Special education	1,300,712		727,010	(573,702)
Other instruction	857,657	30,625	205,870	(621,162)
Total instruction	<u>6,978,737</u>	<u>52,746</u>	<u>2,602,875</u>	<u>(4,323,116)</u>
Support services:				
Pupil services	374,182		2,782	(371,400)
Instructional staff services	569,180		166,917	(402,263)
General administration services	238,021			(238,021)
Building administration services	529,334		6,931	(522,403)
Business administration	1,983,471	232,778	158,327	76,435
Central services	103,741			(103,741)
Insurance	74,930			(74,930)
Other support services	158,220			(158,220)
Interest expense and fiscal charges	49,521			49,200
Depreciation - unallocated	200,466			(200,466)
Community services	7,305			(7,305)
Total support services	<u>4,288,371</u>	<u>232,778</u>	<u>334,957</u>	<u>125,635</u>
Non-program transactions:				
Purchased instructional services	498,965		12,758	(486,207)
Total governmental activities	<u>\$ 11,766,073</u>	<u>\$ 285,524</u>	<u>\$ 2,950,590</u>	<u>\$ 125,635</u>
General revenues:				
Property taxes				
General purposes				3,506,408
Debt services				520,033
Other taxes				83,016
Federal and State aid not restricted for specific purposes				
General				4,391,746
Gain on sale of asset				1,504
Interest and investment earnings				44,162
Miscellaneous				51
Total general revenues				<u>8,546,920</u>
Changes in net position				<u>142,596</u>
Net position - beginning of year				10,686,153
Net position - end of year				<u>\$ 10,828,749</u>

Exhibit A-3
Mineral Point Unified School District
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 1,005,670		\$ 735,624	\$ 1,741,294
Cash and investments - restricted		10,571,202		10,571,202
Taxes receivable	1,232,197			1,232,197
Inventory			7,463	7,463
Due from other funds		175,000		175,000
Due from other governments	168,338		2,213	170,551
Prepays	134,036			134,036
Total assets	\$ 2,540,241	\$ 10,746,202	\$ 745,300	\$ 14,031,743
LIABILITIES				
Accrued wages and payroll taxes	\$ 42,007			\$ 42,007
Accounts payable	21,209		23,775	44,984
Due to other funds	175,000			175,000
Total liabilities	238,216		23,775	261,991
FUND BALANCES				
Non-spendable	134,036			134,036
Restricted		10,746,202	721,525	11,467,727
Unassigned	2,167,989			2,167,989
Total fund balances	2,302,025	10,746,202	721,525	13,769,752
Total liabilities and fund balances	\$ 2,540,241	\$ 10,746,202	\$ 745,300	\$ 14,031,743

Exhibit A-4
 Mineral Point Unified School District
 Reconciliation of the Governmental Funds Balance Sheet
 with the Statement of Net Position
 June 30, 2019

	June 30, 2019
Total fund balances - governmental funds:	\$ 13,769,752
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:	
Governmental capital assets	17,754,697
Governmental accumulated depreciation	(9,108,536)
	8,646,161
Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the statement of net position and are being amortized with pension expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.	
Deferred outflows of resources	2,614,074
Deferred inflows of resources	(1,435,892)
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:	
General obligation debt	932,831
Anticipation notes	10,000,000
Capital leases	196,119
Net pension liability	1,026,799
Accrued interest on long-term debt	30,416
Vested employee sick leave	579,181
	(12,765,346)
Total net position - governmental activities	\$ 10,828,749

Exhibit A-5
Mineral Point Unified School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
REVENUES				
Property taxes	\$ 3,516,910	\$	\$ 592,547	\$ 4,109,457
Other local sources	68,610	25,952	649,912	744,474
Interdistrict sources	808,060			808,060
Intermediate sources	4,191			4,191
State sources	5,655,032		6,454	5,661,486
Federal sources	445,037		134,408	579,445
Other sources	52			52
Total revenues	10,497,892	25,952	1,383,321	11,907,165
EXPENDITURES				
Instruction:				
Regular instruction	4,022,523		79,367	4,101,890
Vocational instruction	318,744		11,143	329,887
Special instruction	1,278,935			1,278,935
Other instruction	633,699		194,219	827,918
Total instruction	6,253,901		284,729	6,538,630
Support services:				
Pupil services	346,971		2,099	349,070
Instructional staff services	517,196		10,030	527,226
General administration services	218,192		5,464	223,656
Building administration services	517,221		2,415	519,636
Business administration	1,558,605	449,506	451,712	2,459,823
Central services	48,787			48,787
Insurance	74,930			74,930
Principal and interest	63,233		121,945	185,178
Other support services	325,279			325,279
Community services			7,082	7,082
Total support services	3,670,414	449,506	600,747	4,720,667
Non-program transactions:				
Purchased instructional services	487,411			487,411
Total expenditures	10,411,726	449,506	885,476	11,746,708
Excess (deficiency) of revenues over expenditures	86,166	(423,554)	497,845	160,457
OTHER FINANCING SOURCES (USES)				
Debt proceeds		10,000,000		10,000,000
Capital lease proceeds	107,913			107,913
Transfer to other funds	(177,641)			(177,641)
Transfer from other funds		175,000	2,641	177,641
Total other financing sources (uses)	(69,728)	10,175,000	2,641	10,107,913
Net change in fund balances	16,438	9,751,446	500,486	10,268,370
Fund balance - beginning	2,285,587	994,756	221,039	3,501,382
Fund balance - ending	\$ 2,302,025	\$ 10,746,202	\$ 721,525	\$ 13,769,752

See accompanying notes to the basic financial statements.

Exhibit A-6
 Mineral Point Unified School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2019

Net change in fund balances-total governmental funds	\$ 10,268,370
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>The acquisition of capital assets are reported in the governmental funds as expenditures. 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.</p>	
Capital outlay reported in governmental fund statements	906,694
Depreciation expense reported in the statement of activities	<u>(653,821)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.	252,873
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/(decrease) net position:</p>	
	1,504
<p>Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.</p>	
Change in compensated absences	(18,096)
<p>Long-term proceeds provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the statement of net position. 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.</p>	
Principal payments on long-term loans and capital leases	156,020
Proceeds from long-term loans	(10,107,913)
<p>In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.</p>	
The amount of interest paid during the current period	25,895
The amount of interest accrued during the current period	<u>(46,258)</u>
Interest paid is greater (less) than interest accrued by	(20,363)
<p>Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the differences between the net pension liability from the prior year to the current year, with some adjustments.</p>	
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension liability between years, with adjustments.	<u>(389,799)</u>
Change in net position-governmental activities	<u>\$ 142,596</u>

Exhibit A-7
 Mineral Point Unified School District
 Statement of Net Position
 Fiduciary Funds
 June 30, 2019

	Private Purpose Trust	Agency Fund	Totals
ASSETS			
Cash and investments	\$ 94,400	\$ 22,258	\$ 116,658
Total assets	\$ 94,400	\$ 22,258	\$ 116,658
LIABILITIES			
Due to student groups	\$	\$ 22,258	\$ 22,258
NET POSITION			
Restricted for scholarships	94,400		94,400
Total liabilities and net position	\$ 94,400	\$ 22,258	\$ 116,658

Exhibit A-8
 Mineral Point Unified School District
 Statement of Changes in Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2019

	<u>Private Purpose Trust</u>
ADDITIONS	
Interest	\$ 952
Gifts	<u>1,333</u>
Total additions	<u>2,285</u>
 DEDUCTIONS	
Scholarships awarded	<u>6,283</u>
Change in net position	(3,998)
Net position - beginning	<u>98,398</u>
Net position - ending	<u><u>\$ 94,400</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District
June 30, 2019
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Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Mineral Point Unified School District is organized as a common school district governed by an elected seven-member school board. The District operates an Early Childhood Program and grades pre-kindergarten through grade 12. The District is comprised of all or parts of eight taxing districts.

The accompanying financial statements present the activities of the Mineral Point Unified School District. The District is not a component unit of another reporting entity nor does it have any component units.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

B. Basis of Presentation

District-wide Statements:

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 for fiduciary funds, which are presented in the fund financial statements by type. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District does not report any business-type activities.

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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Funds are organized as major funds or non-major funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Activities

Governmental funds are identified as either general, special revenue, debt service, capital projects, or permanent, private-purpose trust or agency funds based upon the following guidelines:

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

Permanent Funds - Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fiduciary Funds (Not included in district-wide statements)

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

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

Major Funds

The District reports the following major governmental funds:

General Fund

Capital Projects Fund

Non-Major Funds

The District reports the following non-major funds:

Special Revenue Funds:

Trust Fund – accounts for trust funds that can be used for District operations. The source of such funds is gifts and donations from private parties.

Food Service Fund – accounts for the activities of the District’s food service, generally, school lunch programs.

Community Service Fund – accounts for activities associated with providing recreational and enrichment programs to the community.

Debt Service Fund

Fiduciary Funds

The District reports the following fiduciary funds:

Private- Purpose Trust Funds

Scholarship Fund – accounts for assets that are accumulated to provide scholarships.

Agency Funds

Student Activity Fund – accounts for assets held as an agent for various student organizations.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The district-wide Statement of Net Position and Statement of Activities and fiduciary fund financial statements are presented 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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded 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.

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1st 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 31st, and the final payment no later than the following July 31st. On or before January 15th, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1st, 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 30th and are available to pay current liabilities.

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

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

For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, deferred inflows of resources is removed from the combined balance sheet and revenue is recognized.

D. Assets and Liabilities

Cash and Cash Equivalents/Investments

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and agency funds. Interest earned is reported monthly to the various funds based on each fund's proportionate equity in the cash and investments pool.

All deposits of the District are made in board designated official depositories and are secured as required by State Statute. The District may designate, as an official depository, any bank or savings association. Also, the District may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices.

Accounts Receivable

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory in the general fund and governmental activities consist of expendable supplies held for consumption. The costs are recorded as expenditures under the purchase method. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

Internal receivables and payables

The amounts reported on the statement of net position for internal receivables and payables represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for these internal balances within the same fund type.

Capital Assets

District-wide Statements

In the district-wide financial statements, capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at estimated fair market value at the time received.

All capital assets, or groups of assets, that meet the District's capitalization threshold of \$2,500 are capitalized and updated for additions. Assets that are disposed of are taken off on an annual basis. All improvements to capital assets are capitalized while the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are expensed.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Computer equipment	3 years
Vehicles	5 years
Other equipment	5-10 years
Site improvements	20 years
Buildings	50 years
Subsequent modernization to buildings	20 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Vested Employee Benefits

The District's policy states that school year employees shall earn 10 sick days per school year accumulative up to 110 days. Upon retirement after age 55, teachers will be paid for 50% of their accumulated sick days not to exceed 110 days. The retirement must be recognized as such by the Wisconsin State Teachers Retirement System.

The District's policy states that sick leave for calendar year employees is earned at 12 days per year and part time employees will receive sick leave on a pro-rated basis based upon number of hours they are scheduled to work accumulative to either 60 days or 45 days, respectively, depending on an employee's classification. Upon retirement after age 55 or 20 years of service, support staff will be paid 75% of their accumulated sick leave not to exceed 45 days or 33.75 days, depending upon the maximum days that can be accumulated for the various classifications.

Sick leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The vested sick leave liability is reported on the district-wide financial statements. In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, capital leases and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

E. Retirement Plans

District employees participate in the Wisconsin Retirement System. See Audit Note #7.

F. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types.

G. Estimates

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

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Risk Management

The district is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

I. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

J. Equity Classifications

District-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Non-Spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provision or enabling legislation.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
4. Assigned – includes amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
5. Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Equity Classifications (Continued)

Fund Statements (Continued)

The School Board recognizes the need to maintain an operating reserve in the general fund for the following purposes:

- Hold adequate working capital to meet cash flow needs during the fiscal year.
- Reduce the need for short term borrowing.
- Serve as a safeguard for unanticipated expenditures of the District.
- Show fiscal responsibility to maintain a high credit rating which will help reduce future borrowing costs.

Long-Term Goals

The District's long-term goals for fund balance is to achieve and maintain a general fund balance that would alleviate the need to short-term borrow for operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e. damages). The general fund balance shall not be used for recurring costs in the operating budget.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The School Board authorizes and directs the superintendent or designee to assign the fund balance, to the extent such assignment does not create a negative unassigned fund balance, as follows:

- 1) An amount sufficient to liquidate open encumbrances that are reasonably expected to result in an expenditure in the subsequent year end.
- 2) An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.
- 3) An amount estimated for labor costs incurred prior to recognition of revenue in the subsequent year.
- 4) Unrestricted Community Service fund balance shall be assigned for future community service.

The District has a fund balance policy that establishes a minimum fund balance requirement of not less than 15% of the subsequent year's operational expenditures. If the fund balance happens to fall below 15% the District will take proactive actions to raise the fund balance. As of June 30, 2019 the general fund balance was 21.7% of current year general fund expenditures.

K. Pensions

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

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has one item that qualifies for reporting in this category. The deferred outflows of resources are for the WRS pension system.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category. The deferred inflows of resources are related to the WRS pension system.

NOTE 2

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND
STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities in the basic financial statements represent:

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the Statement of Activities. The long-term expenses reported recognize the change in vested employee benefits.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS

At June 30, 2019, the cash and investments included the following:

Account Balances	
Petty cash/cash on hand	\$ 300
Deposits with financial institutions	12,393,462
Mutual funds	23,069
WI local government investment pool	12,325
	\$ 12,429,156

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Per Statement of Net Assets - Exhibit A-1	
Cash and cash equivalents	\$ 1,741,296
Cash and cash equivalents - restricted	10,571,202
Per Statement of Net Assets - Fiduciary Funds - Exhibit A-7:	
Private purpose trust	94,400
Agency	22,258
Total	\$ 12,429,156

Investments Authorized by Wisconsin State Statutes

Investment of District funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed as to principal and interest by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements that are fully collateralized by bonds or securities.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bond issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments

At June 30, 2019, the District's pooled investment balances were as follows:

Investment Type	Fair Value
WI local government investment pool (LGIP)	\$ 12,325

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates.

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investment Type	Remaining Maturity (in months)	
	Amount	12 months or less
WI local government investment pool (LGIP)	\$ 12,325	\$ 12,325

Credit Risk

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

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2019, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

At June 30, 2019 the District had \$2,565,135 deposited in one financial institution.

Custodial Credit Risk

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

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District’s assumptions about a hypothetical marketplace because market inputs are not available as of the reporting date.

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

	<u>Assets at Fair Value as of June 30, 2019</u>	
	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds	\$ 23,069	\$ 23,069

On a scale of one to five stars, the mutual funds are rated three, four or five stars by Morningstar. The mutual funds are subject to market risk.

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

At June 30, 2019, \$750,000 of the District's deposits with financial institutions was insured by FDIC coverage. \$1,473,320 of the District's deposits above FDIC thresholds at June 30, 2019 was insured by collateral pledged at a local financial institution. \$1,343,489 of the District's deposits with financial institutions were uncollateralized and uninsured. The State of Wisconsin Guarantee Fund would provide coverage for \$400,000 of this uninsured amount, provided funds are available at the time of any potential loss.

Fluctuating cash flows during the year due to collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding insured amounts at the balance sheet date.

Wisconsin Local Government Investment Pool

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2019, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment Guidelines.

Investment allocation in the local government investment pool as of June 30, 2019 was 94.82% in U.S. Government Securities, 1.46% in FDIC insured deposit accounts and Banker Acceptances, and 3.72% in Corporate Notes.

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 237,250	\$	\$	\$ 237,250
Construction work in process	45,872		(45,872)	
Total capital assets not being depreciated	283,122		(45,872)	237,250
<i>Capital assets, being depreciated:</i>				
Buildings	12,417,515	650,383		13,067,898
Land improvements	591,515			591,515
Furniture and equipment	3,433,757	288,198	(12,195)	3,709,760
Vehicles	124,789	23,485		148,274
Total capital assets being depreciated	16,567,576	962,066	(12,195)	17,517,447
Total capital assets	16,850,698	962,066	(58,067)	17,754,697
Less accumulated depreciation:				
Buildings	5,979,208	281,081		6,260,289
Land improvements	70,625	37,753		108,378
Furniture and equipment	2,297,231	328,071	(4,199)	2,621,103
Vehicles	111,850	6,916		118,766
Total accumulated depreciation	8,458,914	653,821	(4,199)	9,108,536
Total net capital assets	\$ 8,391,784	\$ 308,245	\$ (53,868)	\$ 8,646,161

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 151,079
Vocational instruction	8,523
Special education	6,174
Other instruction	7,321
Instructional staff services	18,298
General administration	368
Business administration	187,889
Central services	60,492
Other support services	13,211
Depreciation not charged to a specific function	<u>200,466</u>
Total depreciation for governmental activities	<u><u>\$ 653,821</u></u>

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Liabilities

The District had a \$1,500,000 tax and revenue anticipation note from a local bank for 2018/19. Interest was 1.15% and the note expires on August 1, 2019.

Borrowings under the note are due upon demand and the note is subject to annual renewal.

	Balance 7/1/18	Additions	Removals	Balance 6/30/19
Line of credit	\$	\$ 1,021,650	\$ (1,021,650)	\$

The note was issued for cash flow purposes. Total interest paid on this note for the year was \$3,262.

B. Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Notes from direct borrowings and direct placements	\$ 1,031,044	\$	\$ (98,213)	\$ 932,831	\$ 142,944
Anticipation notes		10,000,000		10,000,000	330,000
Capital lease	146,013	107,913	(57,807)	196,119	51,986
Sub-total	<u>1,177,057</u>	<u>10,107,913</u>	<u>(156,020)</u>	<u>11,128,950</u>	<u>524,930</u>
Vested employee sick leave	561,085	37,361	(19,265)	579,181	
Total	<u><u>\$ 1,738,142</u></u>	<u><u>\$ 10,145,274</u></u>	<u><u>\$ (175,285)</u></u>	<u><u>\$ 11,708,131</u></u>	<u><u>\$ 524,930</u></u>

The compensated absences liability attributed to governmental activities are typically being liquidated in the general fund.

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

B. Long-term Liabilities (Continued)

Total long-term interest paid and accrued during the year:

	Expense	Paid
Long-term debt	\$ 23,975	\$ 23,975
Anticipation note	20,120	20,120
Capital lease	2,163	2,163
Total	\$ 46,258	\$ 46,258

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

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/19
Notes payable - Energy Efficiency Loan	07/01/13	1.87%	04/01/23	\$ 235,000
Notes payable - Stadium	01/05/18	2.45%	01/25/28	197,831
Notes payable - Energy Efficiency Loan	01/05/18	2.45%	08/01/27	500,000
Total				\$ 932,831

The \$197,831 stadium loan dated January 5, 2018 is expected to be repaid through community fundraising efforts. If the fundraising efforts do not produce the necessary funds to make full payments on the loan, the District has obtained guarantors from the community to contribute the necessary funds to pay for any shortfall.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District.

The 2018 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$361,933,931. The legal debt limit and margin of indebtedness as of June 30, 2019 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$361,933,931)	\$ 36,193,393
Deduct long-term debt applicable to debt margin	(932,831)
Margin of indebtedness	\$ 35,260,562

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

B. Long-term Liabilities (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2019 follows:

Years Ended June 30,	Governmental Activities		
	Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2020	\$ 142,944	\$ 15,990	\$ 158,934
2021	144,628	18,250	162,878
2022	146,652	15,090	161,742
2023	148,682	11,922	160,604
2024	90,760	8,706	99,466
2025-2028	259,165	15,472	274,637
Totals	\$ 932,831	\$ 85,430	\$ 1,018,261

Anticipation Notes – Governmental Activities

Governmental activities long-term debt includes anticipation notes. The anticipation notes do not constitute general obligation indebtedness of the District nor a charge against its general credit or taxing power.

Anticipation notes payable at June 30, 2019 consist of:

	Date of Issue	Final Maturity	Interest Rate	Original Amount	Balance 6/30/19
Bond anticipation notes	6/3/19	9/3/19	2.72%	\$ 10,000,000	\$10,000,000

Subsequent to June 30, 2019, the District refinanced the \$10,000,000 bond anticipation note with \$9,940,000 of General Obligation Refunding bonds for the Elementary referendum project with interest rates of 1.85 - 4.0%. Future debt service payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 330,000	\$ 346,958	\$ 676,958
2021		274,766	274,766
2022		274,766	274,766
2023		274,766	274,766
2024		274,766	274,766
2025-2029	2,465,000	1,257,606	3,722,606
2030-2034	3,300,000	830,250	4,130,250
2035-2039	3,845,000	295,125	4,140,125
Total	\$ 9,940,000	\$ 3,829,003	\$ 13,769,003

The \$330,00 principal payment is shown as current in the Statement of Net Position.

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

C. Vested Employee Benefits

Vested employee sick leave at June 30, 2019 is calculated based on the District's assumptions that employees will receive future payments for these benefits. Benefits included in this calculation include sick leave payments estimated for all staff. The estimated liability for earned sick leave benefits at June 30, 2019 is \$579,181 and is shown on the statement of net position. There are currently 106 people eligible to receive these benefits. The liability for the vested employee sick leave was determined using an estimated probability that certain employees would receive benefits in the future and depending on the assumptions used, the estimated liability could vary significantly.

NOTE 6

LEASES

Capital Leases, as Lessee

The District has acquired capital assets through lease/purchase agreements. The gross amount of these capital assets is \$339,578.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2019.

<u>Year Ended June 30,</u>	
2020	\$ 76,350
2021	78,095
2022	20,930
2023	20,930
2024	20,931
2025	<u>1,744</u>
Total payments	218,980
Less: interest	<u>(22,861)</u>
Minimum lease payments	<u><u>\$ 196,119</u></u>

Operating Lease

The District has entered into a lease agreement for multiple copiers. The amount paid for the year ended June 30, 2018 was \$35,959. Minimum annual rentals are as follows:

<u>Years Ended June 30,</u>	<u>Lease Payments</u>
2020	<u><u>\$ 11,986</u></u>

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN

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

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

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

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

Final average earnings is the average of the participant's three highest 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.

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1%)	(42%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17

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

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

During the reporting period, the WRS recognized \$291,848 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

Employee Category	Employee	Employer
General (including teachers)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At June 30, 2019, the Mineral Point Unified School District reported a liability (asset) of \$1,026,799 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Mineral Point Unified School District's proportion of the net pension liability (asset) was based on the Mineral Point Unified School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Mineral Point Unified School District's proportion was 0.02886144%, which was an increase of 0.00008964% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the Mineral Point Unified School District's recognized pension expense of \$679,316.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 799,721	\$ 1,413,619
Changes of assumptions	173,080	
Net differences between projected and actual earnings on pension plan investments	1,499,570	
Changes in proportion and differences between employer contributions and proportionate share of contributions		22,273
Employer contributions subsequent to the measurement date	141,703	
Total	<u>\$ 2,614,074</u>	<u>\$ 1,435,892</u>

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$141,703 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Outflows (Inflows) of Resources
2020	\$ 371,675
2021	90,565
2022	164,549
2023	409,690
Total	\$ 1,036,479

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

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

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

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

Mineral Point Unified School District
June 30, 2019
Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (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, 2018			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
	%		
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

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

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Mineral Point Unified School District’s proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents the Mineral Point Unified School District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Mineral Point Unified School 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Mineral Point School District’s proportionate share of the net pension liability (asset)	\$4,080,609	\$1,026,799	(\$1,243,944)

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

NOTE 8 GOVERNMENTAL ACTIVITIES NET POSITION AND GOVERNMENTAL FUND BALANCES

Governmental activities net position reported on the District-Wide Statement of Net Position at June 30, 2019 includes the following:

Governmental Activities:	
Capital assets, net of accumulated depreciation	\$ 8,646,161
Less: Long-term debt outstanding	(932,831)
Less: Capital leases outstanding	(196,119)
Net investment in capital assets	<u>7,517,211</u>
Restricted:	
Capital projects	746,202
Referendum project	10,000,000
Debt service	450,776
Community service	26,825
Student groups and other activities	213,508
Total restricted	<u>11,437,311</u>
Unrestricted	<u>(8,125,773)</u>
Total governmental activities net position	<u>\$ 10,828,749</u>

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 8 GOVERNMENTAL ACTIVITIES NET POSITION AND GOVERNMENTAL FUND BALANCES (CONTINUED)

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

Non-spendable:	
Major Funds:	
General - prepaids	\$ 134,036
Total non-spendable	134,036
Restricted:	
Major Funds:	
Capital projects - referendum project	10,000,000
Capital projects - energy efficiency, stadium project and other capital facilities	746,202
Non-major Funds:	
Special revenue trust-student groups and other activities	213,508
Debt service	481,192
Community service	26,825
Total restricted	11,467,727
Unassigned:	
Major Funds:	
General	2,167,989
Total governmental fund balances	\$ 13,769,752

NOTE 9 LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

NOTE 10 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 87, *Leases*. When these become effective, application of these standards may restate portions of these financial statements.

Mineral Point Unified School District
 June 30, 2019
 Notes to the Basic Financial Statements

NOTE 11

INTERFUND BALANCES AND ACTIVITY

Individual fund interfund receivable and payable balances on June 30, 2019 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital projects	General	\$ 175,000	Long term capital improvements

In the Statement of Net Position, amounts reported in fund balances as interfund balances have been eliminated within the governmental type activities column.

The following is a schedule of interfund transfers:

<u>Fund Transfer to</u>	<u>Fund Transfer from</u>	<u>Amount</u>	<u>Reason</u>
Capital projects	General	\$ 175,000	Long term capital improvements
Food service	General	2,641	Operating costs
	Total	<u>\$ 177,641</u>	

\$960,423 was transferred to the special education fund from the general fund during the fiscal year ended June 30, 2019. This transfer was used to cover any costs not covered by direct revenues. In the Fund Statements the general fund and special education funds are combined and the transfer is netted. In the Statement of Activities, all transfers have been eliminated.

NOTE 12

COMMITMENTS/SUBSEQUENT EVENTS

Prior to June 30, 2019, the District passed a \$11,920,000 referendum for renovating and updating the existing elementary school, improving parking, bus lane and storm water, securing lobby, office and classroom addition, constructing a gym and physical education addition. As of June 30, 2019, no work has begun on this project. Subsequent to June 30, 2019, the District refinanced a \$10,000,000 bond anticipation note with \$9,940,000 of General Obligation Refunding bonds for the Elementary Project, which is discussed in Note 5. The District intends to finance the remaining referendum costs by issuing a \$1,920,000 General Obligation Promissory Note to be dated January 1, 2020.

Subsequent to June 30, 2019, the District approved technology purchases of Smartboards and Chromebooks totaling approximately \$85,000.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Original Budget Favorable (Unfavorable)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			
REVENUES					
Property taxes	\$ 3,578,989	\$ 3,507,408	\$ 3,516,910	\$ (62,079)	\$ 9,502
Other local sources	51,850	51,850	68,610	16,760	16,760
Interdistrict sources	726,620	851,727	808,060	81,440	(43,667)
Intermediate sources	4,000	4,000	4,191	191	191
State sources	5,153,626	5,154,960	5,229,192	75,566	74,232
Federal sources	109,226	109,226	189,967	80,741	80,741
Other sources			52	52	52
Total revenues	<u>9,624,311</u>	<u>9,679,171</u>	<u>9,816,982</u>	<u>192,671</u>	<u>137,811</u>
EXPENDITURES					
Instruction:					
Undifferentiated instruction	2,257,514	2,177,083	2,128,335	129,179	48,748
Regular instruction	1,938,473	1,941,473	1,894,188	44,285	47,285
Vocational instruction	312,823	314,923	318,744	(5,921)	(3,821)
Physical instruction	228,543	228,543	234,451	(5,908)	(5,908)
Co-curricular activities	373,327	400,009	399,248	(25,921)	761
Total instruction	<u>5,110,680</u>	<u>5,062,031</u>	<u>4,974,966</u>	<u>135,714</u>	<u>87,065</u>
Support Services:					
Pupil services	248,952	264,152	249,821	(869)	14,331
Instructional staff services	373,339	366,476	364,180	9,159	2,296
General administration services	274,799	233,137	218,192	56,607	14,945
Building administration services	418,789	456,581	515,421	(96,632)	(58,840)
Business administration	1,265,379	1,292,021	1,558,562	(293,183)	(266,541)
Central services	248,420	47,220	48,787	199,633	(1,567)
Insurance	87,500	87,500	74,930	12,570	12,570
Principal and interest	58,033	110,033	63,233	(5,200)	46,800
Other support services	155,000	374,100	325,279	(170,279)	48,821
Total support services	<u>3,130,211</u>	<u>3,231,220</u>	<u>3,418,405</u>	<u>(288,194)</u>	<u>(187,185)</u>
Non-Program Transactions:					
Purchased instructional services	316,996	316,996	377,022	(60,026)	(60,026)
Total expenditures	<u>8,557,887</u>	<u>8,610,247</u>	<u>8,770,393</u>	<u>(212,506)</u>	<u>(160,146)</u>
Excess (deficiency) of revenues over expenditures	<u>1,066,424</u>	<u>1,068,924</u>	<u>1,046,589</u>	<u>(19,835)</u>	<u>(22,335)</u>
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds			107,913	107,913	107,913
Transfers out	(1,066,424)	(1,068,924)	(1,138,064)	(71,640)	(69,140)
Total other financing sources (uses)	<u>(1,066,424)</u>	<u>(1,068,924)</u>	<u>(1,030,151)</u>	<u>36,273</u>	<u>38,773</u>
Net change in fund balance			16,438	16,438	16,438
Fund balance - beginning	2,285,587	2,285,587	2,285,587		
Fund balance - ending	<u>\$ 2,285,587</u>	<u>\$ 2,285,587</u>	<u>\$ 2,302,025</u>	<u>\$ 16,438</u>	<u>\$ 16,438</u>

Exhibit B-2
 Required Supplementary Information
 Mineral Point Unified School District
 Budgetary Comparison Schedule for the Special Education Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original	Final
REVENUES					
Interdistrict sources	\$ 4,264	\$ 4,264	\$	\$ (4,264)	\$ (4,264)
Intermediate sources					
State sources	393,993	393,993	425,840	31,847	31,847
Federal sources	213,659	213,659	255,070	41,411	41,411
Total revenues	<u>611,916</u>	<u>611,916</u>	<u>680,910</u>	<u>68,994</u>	<u>68,994</u>
EXPENDITURES					
Instruction:					
Special instruction	1,233,842	1,233,842	1,278,935	(45,093)	(45,093)
Total instruction	<u>1,233,842</u>	<u>1,233,842</u>	<u>1,278,935</u>	<u>(45,093)</u>	<u>(45,093)</u>
Support Services:					
Pupil services	111,540	111,540	97,150	14,390	14,390
Instructional staff services	143,815	143,815	153,016	(9,201)	(9,201)
Building administration services	2,000	2,000	1,800	200	200
Business administration	27,000	27,000	43	26,957	26,957
Total support services	<u>284,355</u>	<u>284,355</u>	<u>252,009</u>	<u>32,346</u>	<u>32,346</u>
Non-Program Transactions:					
Purchased instructional services	160,143	160,143	110,389	49,754	49,754
Total non-program transactions	<u>160,143</u>	<u>160,143</u>	<u>110,389</u>	<u>49,754</u>	<u>49,754</u>
Total expenditures	<u>1,678,340</u>	<u>1,678,340</u>	<u>1,641,333</u>	<u>37,007</u>	<u>37,007</u>
Excess of revenues over (under) expenditures	<u>(1,066,424)</u>	<u>(1,066,424)</u>	<u>(960,423)</u>	<u>106,001</u>	<u>106,001</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,066,424	1,066,424	960,423	(106,001)	(106,001)
Total other financing sources (uses)	<u>1,066,424</u>	<u>1,066,424</u>	<u>960,423</u>	<u>(106,001)</u>	<u>(106,001)</u>
Net change in fund balances					
Fund balance - beginning					
Fund balance - ending	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

Exhibit B-3
Required Supplementary Information
Mineral Point Unified School District
June 30, 2019
Wisconsin Retirement System Schedules

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Calendar Years*

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2018	0.02886144%	\$ 1,026,799	\$ 4,355,944	23.57%	96.45%
2017	0.02877180%	(854,268)	4,277,283	(19.97%)	102.93%
2016	0.02822117%	232,610	4,263,535	5.46%	99.12%
2015	0.02748280%	446,590	3,981,792	11.22%	98.20%
2014	(0.02684848%)	(659,291)	3,803,283	(17.33%)	102.74%

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years**

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 288,904	\$ (288,904)		\$ 4,360,417	6.63%
2018	293,695	(293,695)		4,350,822	6.75%
2017	289,473	(289,473)		4,322,748	6.70%
2016	270,887	(270,887)		4,043,245	6.70%
2015	271,255	(271,255)		3,931,210	6.90%

**The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

Mineral Point Unified School District
 June 30, 2019
 Notes to the Required Supplementary Information

NOTE 1

BUDGET SCHEDULE

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, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the fund level for all funds. Reported budget amounts are as originally adopted or as amended by the 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 alter the proposed budget.
- After 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.

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

Annual budgets are adopted on a basis consistent with U.S generally accepted accounting principles for all governmental and special revenue funds.

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

Fund	Excess Expenditures
General Fund:	
Support services	\$ 187,185
Non-program transactions	60,026
Transfers out	69,140
Special Education Fund:	
Instruction	45,093

Mineral Point Unified School District
 June 30, 2019
 Notes to the Required Supplementary Information

NOTE 3

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY
 INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 9,816,982	\$ 680,910
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	680,910	(680,910)
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 10,497,892	\$
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 8,770,393	\$ 1,641,333
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	1,641,333	(1,641,333)
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 10,411,726	\$

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 5 preceding years.

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

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

SUPPLEMENTARY INFORMATION

Exhibit C-1
 Mineral Point Unified School District
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2019

	Special Revenue Fund				Total Non-Major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund	Debt Service Fund	
ASSETS					
Cash and investments	\$ 213,508	\$ 14,099	\$ 26,825	\$ 481,192	\$ 735,624
Due from other governments		2,213			2,213
Inventory		7,463			7,463
Total assets	\$ 213,508	\$ 23,775	\$ 26,825	\$ 481,192	\$ 745,300
LIABILITIES					
Accounts payable	\$	\$ 23,775	\$	\$	\$ 23,775
FUND BALANCES					
Restricted	213,508		26,825	481,192	721,525
Total liabilities and fund balances	\$ 213,508	\$ 23,775	\$ 26,825	\$ 481,192	\$ 745,300

Exhibit C-2
Mineral Point Unified School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Fund			Debt Service Fund	Total Non-major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund		
REVENUES					
Property taxes	\$	\$	\$ 72,514	\$ 520,033	\$ 592,547
Local sources	365,174	230,783		53,955	649,912
State sources		6,454			6,454
Federal sources		134,408			134,408
Total revenues	365,174	371,645	72,514	573,988	1,383,321
EXPENDITURES					
Instruction:					
Regular instruction	79,367				79,367
Vocational instruction	11,143				11,143
Other instruction	194,219				194,219
Total instruction	284,729				284,729
Support services:					
Pupil services	2,099				2,099
Instructional staff services	10,030				10,030
Building administrative services	2,415				2,415
General administration services			5,464		5,464
Business administration	26,066	374,286	51,360		451,712
Principal and interest				121,945	121,945
Community service			7,082		7,082
Total support services	40,610	374,286	63,906	121,945	600,747
Total expenditures	325,339	374,286	63,906	121,945	885,476
Excess (deficiency) of revenues over expenditures	39,835	(2,641)	8,608	452,043	497,845
OTHER FINANCING SOURCES (USES)					
Transfers from other funds		2,641			2,641
Net change in fund balances	39,835		8,608	452,043	500,486
Fund balances - beginning	173,673		18,217	29,149	221,039
Fund balances - ending	<u>\$ 213,508</u>	<u>\$</u>	<u>\$ 26,825</u>	<u>\$ 481,192</u>	<u>\$ 721,525</u>

Exhibit C-3
 Mineral Point Unified School District
 Schedule of Changes in Assets and Liabilities
 Pupil Activity Funds
 For the Year Ended June 30, 2019

	Balance 6/30/18	Additions	Deductions	Balance 6/30/19
ASSETS				
Cash	\$ 27,583	\$ 35,040	\$ 40,365	\$ 22,258
Total assets	\$ 27,583	\$ 35,040	\$ 40,365	\$ 22,258
LIABILITIES				
Due to student organizations	\$ 27,583	\$ 35,040	\$ 40,365	\$ 22,258
Total liabilities	\$ 27,583	\$ 35,040	\$ 40,365	\$ 22,258

Exhibit C-4
Mineral Point Unified School District
Schedule of Federal Financial Assistance
For the Year Ended June 30, 2019

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Pass Through ID Number	Accrued Receivable (Deferred) Revenue 7/1/2018	Expenditures	Receipts Grantor Reimbursement	Accrued Receivable (Deferred) Revenue 6/30/2019
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Public Instruction</u>						
School Breakfast Program	10.553	2019-253633-SB-546	\$	\$ 16,397	\$ 16,365	\$ 32
School Milk Program	10.556	2019-253633-SMP-548		1,341	1,341	
School Lunch Program	10.555	2019-253633-NSL-547		92,028	91,843	185
Donated Food Commodities	10.555	Not Available		22,647	22,647	
Total School Program Cluster				132,413	132,196	217
Team Nutrition	10.574	2019-300657-17-TN-Let's Plant Grant-552		1,995		1,995
TOTAL U.S. DEPARTMENT OF AGRICULTURE				134,408	132,196	2,212
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Public Instruction</u>						
IDEA Flow Through	84.027	2019-253633-IDEA-341	(20,783)	180,743	136,157	65,369
IDEA Preschool Entitlement	84.173	2019-253633-Pre-S-347	(1,218)	8,673	6,563	3,328
IDEA High Cost Aid	84.027	2019-253633-IDEA-341		15,686	15,686	
Total IDEA Cluster			(22,001)	205,102	158,406	68,697
TITLE I Basic Grant	84.010	2019-253633-Title I-141	(28,002)	78,845	101,078	5,769
Title II-A Teacher & Prin. Training	84.367	2019-253633-Title II-365		20,614	20,614	
Title IV-A Public	84.424	2019-253633-Title-IV A-381	(10,000)	9,836	14,000	5,836
<u>Passed Through CESA #3</u>						
Carl Perkins	84.048	2019-749903-CP-CTE-400		4,191	4,191	
TOTAL U.S. DEPARTMENT OF EDUCATION			(60,003)	318,588	298,289	80,302
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Health Services</u>						
	93.778	Not Available	(2,074)	130,640	122,177	10,537
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			(2,074)	130,640	122,177	10,537
TOTAL FEDERAL ASSISTANCE			\$ (62,077)	\$ 583,636	\$ 552,662	\$ 93,051

Exhibit C-5
Mineral Point Unified School District
Schedule of State Awards
For the Year Ended June 30, 2019

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Pass Through ID Number	Accrued (Deferred) Receivable July 1, 2018	State Reimbursement	Expenditures	Accrued (Deferred) Receivable June 30, 2019
<u>Wisconsin Department of Public Instruction</u>						
<u>Entitlement Programs</u>						
General Equalization	255.201	253633-116	\$ (73,569)	\$ 4,367,984		\$ 73,048
Handicapped Pupils and Schools Age Parents Internal District Programs	255.101	253633-100		363,163	1,286,602	
State Lunch	255.102	253633-107		3,619		
Common School Fund	255.103	253633-104		27,664		
Pupil Transportation	255.107	253633-102		19,460		
WI Morning Milk	255.115	253633-115		1,845		
High Cost Sp. Ed. Aid	255.210	253633-119		58,677		
Sparsity Aid	255.212	253633-162		276,000		
Personal Electronic Computing Device	255.296	253633-175		6,000		
School Breakfast	255.344	253633-108		989		
Educator Effective Eval Sys.	255.940	253633-154		5,760		
Per Pupil Aid	255.945	253633-113		446,028		
Assessment of Reading Readiness	255.956	253633-166		319		
Transition Incentive	255.960	253633-168		4,000		
Total Wisconsin Department of Public Instruction - Entitlement			(73,569)	5,581,508	1,286,602	73,048
Wisconsin Department of Justice School Safety Initiative	455.206	Not Applicable		60,000		
Total State Awards			\$ (73,569)	\$ 5,641,508	\$ 1,286,602	\$ 73,048

Mineral Point Unified School District
For the Year Ended June 30, 2019
Notes to the Schedule of Expenditures of Federal and State Awards

NOTE 1

BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the Mineral Point Unified School District and are presented on the modified accrual basis of accounting. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2

INDIRECT COST RATE

The District does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3

SUBRECIPIENTS

There were no awards passed through to subrecipients.



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
Mineral Point Unified School District
Mineral Point, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District ("District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Mineral Point Unified School District's basic financial statements, and have issued our report thereon dated October 17, 2019.

Internal Control Over Financial Reporting

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

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

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. We consider the deficiency described in the accompanying schedule of findings and responses as item #2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item #2019-002 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*.

Mineral Point Unified School District's Responses to Findings

Mineral Point Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Mineral Point Unified School 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 them.

Purpose of this Report

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

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
October 17, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Education
Mineral Point Unified School District
Mineral Point, Wisconsin

Report on Compliance for Each Major State Program

We have audited the Mineral Point Unified School District (District)'s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2019. The District's major state programs are identified in the accompanying schedule of findings and responses.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements 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 the major state programs 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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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 major state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and responses as item #2019-001 to be a material weakness.

Purpose of this Report

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

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
October 17, 2019

Mineral Point Unified School District
For the Year Ended June 30, 2019
Schedule of Findings and Responses

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified
 Internal control over financial reporting:
 • Material Weakness(es) identified? X Yes No
 • Significant deficiency(ies) identified? X Yes None Reported
 • Noncompliance material to financial statements noted? Yes X No

State Awards

Internal Control over major 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 programs: Unmodified
 Any audit findings disclosed that are required to be reported in accordance with the Wisconsin Public School District Audit Manual? Yes X No

Identification of major programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.201	General Equalization Aid
255.101	Special Education and School Age Parents
255.212	Sparsity Aid
255.945	Per Pupil Aid

Dollar threshold used to distinguish between type A and type B programs: \$250,000

State of Wisconsin Department of Health Services required procedures on compliance and internal control over compliance for programs in excess of \$100,000

Internal Control over state special education program:
 • Material Weakness(es) identified? X Yes No
 • Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None Reported
 Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines? Yes X No

Identification of other programs with required procedures:

<u>CFDA Number(s)</u>	<u>Name of Program</u>
93.778	Medical Assistance

Mineral Point Unified School District
For the Year Ended June 30, 2019
Schedule of Findings and Responses (Continued)

Section II – Financial Statement Findings

Finding #2019-001 - Segregation of Duties (Prior year finding #2018-001)

Condition: The available office staff precludes a proper segregation of duties in the following control areas: payroll, cash receipts, and cash disbursements.

Effect: Because of the lack of segregation of duties, errors or irregularities could occur and not be detected on a timely basis.

Cause: Due to the small size of the District there is only one person in the bookkeeping department, who records all transactions and performs reconciliations.

Criteria: Checks and balances should be in place to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct any misstatements on a timely basis.

Recommendation: Procedures should be implemented segregating duties among different employees. Management should continue to maintain a working knowledge of matters relating to the District's operations.

Response: We agree with this finding but due to the size of our District and financial constraints do not believe it is cost effective to increase the office staff in an attempt to bring about a more effective segregation of duties. The Board of Education and Administration personnel review monthly treasurer reports, and approve disbursements monthly. Any concerns or questions are addressed throughout the year. Management will review various accounting functions periodically.

Finding #2019-002- Preparation of Financial Statements (Prior year finding #2018-002)

Condition: District staff does not prepare the financial statements and accompanying notes. The district has designated individuals responsible for reviewing and accepting the financial statements and related notes.

Effect: Because District staff relies on the auditor to assist with the preparation of the financial statements, the District's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Cause: The District does not prepare the financial statements and related notes.

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Recommendation: The auditor will work with the District to make personnel more knowledgeable about its responsibility for the financial statements.

Response: The auditors prepare the financial statements but we review them and accept the statements prior to them being issued. The auditor works with us to explain the financial statements and the audit note disclosures. We are also provided and approve various entries and grouping schedules that convert our fund statements to the government-wide statements.

Section III – Major State Program Findings and Responses

Finding #2019-001 noted in Section II also applies to internal control procedures over state awards.

Mineral Point Unified School District
For the Year Ended June 30, 2019
Schedule of Findings and Responses (Continued)

Section IV – Other Programs with Required Procedures Findings and Responses

Finding #2019-001 noted in Section II also applies to internal control procedures over other programs with required procedures.

Mineral Point Unified School District
For the Year Ended June 30, 2019
Schedule of Prior Year Findings and Responses

Prior Year Findings

#2018-001 – Segregation of duties

This is still a finding. See finding #2019-001

#2018-002 – Preparation of financial statements

This is still a finding. See finding #2019-002