

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN**

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2016

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WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wilmot Union High School District
Wilmot, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilmot Union High School District, Wisconsin ("the District") as of and for the year ended June 30, 2016, 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.

Auditors' 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 of 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 auditors' 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 auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 District as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B.1, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 33 through 38 be presented to supplement the basic financial statements. Such information, although not 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.

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

Other Information

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

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

Report on Summarized Financial Information

We have previously audited the District's 2015 financial statements, and our report dated November 24, 2015, expressed unmodified opinions on those respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2017, 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* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
January 10, 2017

BASIC FINANCIAL STATEMENTS

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Statement of Net Position
June 30, 2016
(With summarized financial information as of June 30, 2015)

	Governmental Activities	
	2016	2015
ASSETS		
Cash and investments	\$ 2,229,385	\$ 3,797,525
Receivables		
Taxes	3,989,225	3,930,970
Accounts	68,717	38,109
Due from other governments	1,081,750	691,650
Inventory	5,064	8,241
Prepaid items	31,631	-
Capital assets		
Land	1,398,812	1,398,812
Land improvements	91,033	91,033
Buildings and improvements	53,867,257	53,187,257
Machinery and equipment	1,775,484	1,580,302
Vehicles	175,065	119,519
Less: accumulated depreciation	(18,305,398)	(17,204,246)
Total Capital Assets	<u>39,002,253</u>	<u>39,172,677</u>
Other Assets		
Other post employment benefits net asset	115,283	165,485
Net pension asset	-	1,300,730
TOTAL ASSETS	<u>46,523,308</u>	<u>49,105,387</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,429,563	-
Deferred outflows related to pension plan	4,655,839	1,171,640
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,085,402</u>	<u>1,171,640</u>
LIABILITIES		
Accounts payable	47,990	143,911
Accrued payroll liabilities	372,985	460,429
Due to other governments	-	198,007
Accrued interest payable	288,100	536,700
Long-term obligations		
Due within one year	3,725,880	2,462,340
Due in more than one year	30,327,529	33,185,435
Net pension liability	863,620	-
TOTAL LIABILITIES	<u>35,626,104</u>	<u>36,986,822</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension plan	1,817,474	-
NET POSITION		
Net investment in capital assets	7,159,717	5,090,831
Restricted for		
Food service program	104,711	99,042
Debt service	1,104,635	1,226,030
Capital expansion	150,875	730,737
Community service programs	107,580	60,018
Pension benefits	-	1,300,730
Unrestricted	<u>6,537,614</u>	<u>4,782,817</u>
TOTAL NET POSITION	<u>\$ 15,165,132</u>	<u>\$ 13,290,205</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Statement of Activities

For the Year Ended June 30, 2016

(With summarized financial information for the year ended June 30, 2015)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2016	2015
Governmental Activities					
Instruction	\$ 7,987,985	\$ 1,310,953	\$ 1,203,891	\$ (5,473,141)	\$ (5,754,907)
Support Services					
Support services	7,614,038	797,857	91,855	(6,724,326)	(7,240,265)
Community services	71,475	47,468	-	(24,007)	(29,857)
Interest and fiscal charges	1,540,012	2,475	-	(1,537,537)	(1,590,041)
Depreciation - unallocated	1,101,152	-	-	(1,101,152)	(1,061,344)
Non-program	995,372	-	-	(995,372)	(928,834)
Total Governmental Activities	\$ 19,310,034	\$ 2,158,753	\$ 1,295,746	(15,855,535)	(16,605,248)
General revenues					
Property taxes, levied for general purposes				7,498,575	7,730,936
Property taxes, levied for debt service				4,418,418	3,929,845
Property taxes, levied for capital projects				207,160	179,359
Property taxes, levied for community service				99,000	99,000
State and federal aids not restricted to specific functions				5,261,374	5,110,574
Interest and investment earnings				7,589	4,684
Miscellaneous				238,346	243,452
Total general revenues				17,730,462	17,297,850
Change in net position				1,874,927	692,602
Net position - beginning of year				13,290,205	12,597,603
Net position - end of year				\$ 15,165,132	\$ 13,290,205

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Balance Sheet -

Governmental Funds

June 30, 2016

(With summarized financial information as of June 30, 2015)

	General	Non- Referendum Debt Service	Referendum Debt Service
ASSETS			
Cash and investments	\$ 1,224,951	\$ 1	\$ 6,615
Receivables			
Taxes	2,296,946	73,822	1,312,297
Accounts	68,627	-	-
Due from other governments	1,081,750	-	-
Inventory	5,064	-	-
Prepaid items	31,631	-	-
TOTAL ASSETS	\$ 4,708,969	\$ 73,823	\$ 1,318,912
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 47,552	\$ -	\$ -
Accrued payroll liabilities	372,985	-	-
Due to other governments	-	-	-
Total Liabilities	420,537	-	-
Fund Balances			
Nonspendable			
Inventory	5,064	-	-
Prepaid items	31,631	-	-
Restricted			
Retirement of long-term debt	-	73,823	1,318,912
Food service program	-	-	-
Community service programs	-	-	-
Capital expansion	-	-	-
Energy efficiency projects	-	-	-
Assigned			
Private gifts and donations	-	-	-
Unassigned	4,251,737	-	-
Total Fund Balances	4,288,432	73,823	1,318,912
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,708,969	\$ 73,823	\$ 1,318,912

Capital Expansion Fund	Nonmajor Governmental	Total Governmental Funds	
		2016	2015
\$ 732,424	\$ 265,394	\$ 2,229,385	\$ 3,797,525
207,160	99,000	3,989,225	3,930,970
-	90	68,717	38,109
-	-	1,081,750	691,650
-	-	5,064	8,241
-	-	31,631	-
<hr/>			
\$ 939,584	\$ 364,484	\$ 7,405,772	\$ 8,466,495

\$ -	\$ 438	\$ 47,990	\$ 143,911
-	-	372,985	460,429
-	-	-	198,007
<hr/>			
-	438	420,975	802,347

-	-	5,064	8,241
-	-	31,631	-
-	-	1,392,735	1,762,730
-	104,711	104,711	99,042
-	107,580	107,580	60,018
-	150,875	150,875	730,737
939,584	-	939,584	858,154
-	880	880	530
-	-	4,251,737	4,144,696
<hr/>			
939,584	364,046	6,984,797	7,664,148
<hr/>			
\$ 939,584	\$ 364,484	\$ 7,405,772	\$ 8,466,495

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Balance Sheet -
Governmental Funds (Continued)
June 30, 2016
(With summarized financial information as of June 30, 2015)

<u>Reconciliation to Statement of Net Position</u>	2016	2015
Fund balance, as shown above	\$ 6,984,797	\$ 7,664,148
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 in the funds.	39,002,253	39,172,677
The District's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Net pension asset	-	1,300,730
Deferred outflows of resources	4,655,839	1,171,640
Net pension liability	(863,620)	-
Deferred inflows of resources	(1,817,474)	-
Other assets held for other post-employment benefits (OPEB) are not financial resources and therefore are not reported in the funds.	115,283	165,485
Deferred outflow of resources is reported in statement of net position for the loss on advance refunding.	1,429,563	-
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation debt	(33,365,000)	(34,940,000)
Capital leases	(57,974)	-
Premium on bonds	(630,435)	(707,775)
Accrued interest on long-term obligations	(288,100)	(536,700)
Net position of governmental activities as reported on the Statement of Net Position (see page 4)	<u>\$ 15,165,132</u>	<u>\$ 13,290,205</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

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

For the Year Ended June 30, 2016

(With summarized financial information for the year ended June 30, 2015)

	General	Non- Referendum Debt Service	Referendum Debt Service
Revenues			
Property taxes	\$ 7,466,412	\$ 117,650	\$ 4,300,768
Other local sources	321,630	1	1,012
Interdistrict sources	1,199,119	-	-
Intermediate sources	73,484	-	-
State sources	6,079,669	-	-
Federal sources	361,128	-	-
Other sources	148,391	-	-
Total Revenues	15,649,833	117,651	4,301,780
Expenditures			
Instruction			
Regular instruction	4,693,201	-	-
Vocational instruction	1,104,467	-	-
Special education instruction	1,830,536	-	-
Other instruction	898,986	-	-
Total Instruction	8,527,190	-	-
Support Services			
Pupil services	859,475	-	-
Instructional staff services	836,858	-	-
General administration services	387,465	-	-
School administration services	502,635	-	-
Business services	373,173	-	-
Operation and maintenance of plant	1,685,231	-	-
Food service	-	-	-
Pupil transportation	719,733	-	-
Central services	415,761	-	-
Insurance	141,383	-	-
Other support services	125,537	-	-
Total Support Services	6,047,251	-	-
Debt Service			
Principal of debt	18,141	-	3,510,000
Interest and fiscal charges	2,499	117,650	1,479,080
Total Debt Service	20,640	117,650	4,989,080
Community services	-	-	-
Non-program			
General tuition payments	605,069	-	-
Special education tuition	309,941	-	-
Other non-program transactions	80,362	-	-
Total Non-program	995,372	-	-
Total Expenditures	15,590,453	117,650	4,989,080
Excess Revenues Over (Under) Expenditures	59,380	1	(687,300)
Other Financing Sources (Uses)			
Long term debt issued	-	-	28,215,000
Premium on long term debt	-	-	2,475
Payment to bond escrow agent	-	-	(27,900,171)
Capital lease proceeds	76,115	-	-
Total Other Financing Sources (Uses)	76,115	-	317,304
Net Change in Fund Balances	135,495	1	(369,996)
Fund Balances - Beginning of Year	4,152,937	73,822	1,688,908
Fund Balances - End of Year	\$ 4,288,432	\$ 73,823	\$ 1,318,912

(Continued)

Capital Expansion Fund	Nonmajor Governmental	Total Governmental Funds	
		2016	2015
\$ 207,160	\$ 99,000	\$ 12,190,990	\$ 11,939,140
1,687	485,191	809,521	687,086
-	-	1,199,119	1,017,105
-	235,900	309,384	330,482
-	-	6,079,669	5,946,485
-	8,169	369,297	338,821
-	-	148,391	225,971
<u>208,847</u>	<u>828,260</u>	<u>21,106,371</u>	<u>20,485,090</u>
-	-	4,693,201	4,541,636
-	-	1,104,467	1,099,097
-	-	1,830,536	1,811,617
-	-	898,986	929,547
-	-	<u>8,527,190</u>	<u>8,381,897</u>
-	-	859,475	940,416
-	-	836,858	760,219
-	-	387,465	390,750
-	29,444	532,079	564,537
-	-	373,173	331,161
-	745,218	2,430,449	3,100,911
-	637,814	637,814	647,099
-	-	719,733	619,063
-	458	416,219	403,970
-	-	141,383	148,694
-	-	125,537	167,460
-	<u>1,412,934</u>	<u>7,460,185</u>	<u>8,074,280</u>
-	-	3,528,141	2,158,450
-	-	1,599,229	1,659,444
-	-	<u>5,127,370</u>	<u>3,817,894</u>
-	<u>69,024</u>	<u>69,024</u>	<u>63,125</u>
-	-	605,069	571,578
-	-	309,941	289,240
-	-	80,362	68,016
-	-	<u>995,372</u>	<u>928,834</u>
-	<u>1,481,958</u>	<u>22,179,141</u>	<u>21,266,030</u>
<u>208,847</u>	<u>(653,698)</u>	<u>(1,072,770)</u>	<u>(780,940)</u>
-	-	28,215,000	-
-	-	2,475	-
-	-	(27,900,171)	-
-	-	76,115	-
-	-	<u>393,419</u>	-
<u>208,847</u>	<u>(653,698)</u>	<u>(679,351)</u>	<u>(780,940)</u>
<u>730,737</u>	<u>1,017,744</u>	<u>7,664,148</u>	<u>8,445,088</u>
<u>\$ 939,584</u>	<u>\$ 364,046</u>	<u>\$ 6,984,797</u>	<u>\$ 7,664,148</u>

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds (Continued)
For the Year Ended June 30, 2016
(With summarized financial information for the year ended June 30, 2015)

<u>Reconciliation to Statement of Activities</u>	2016	2015
Net Change in Fund Balances - Total Governmental Funds from the previous page	\$ (679,351)	\$ (780,940)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay reported in governmental fund statements	\$ 930,728	
Depreciation expense reported in the statement of activities	<u>(1,101,152)</u>	
Amount by which the capital outlays in current period is greater (less) than depreciation	(170,424)	(767,880)
Certain 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. This year the accrual of these benefits (increased) decreased to:		
Other post-employment benefits (OPEB)	(50,202)	(1,886)
Changes in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.		
	(497,625)	15,455
The District issued debt during the year. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt issued is:		
General obligation debt issued by District	(28,215,000)	-
Capital leases issued by the District	(76,115)	-
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities. The amount of long-term debt principal payments in the current year is:		
Long term debt	3,510,000	2,130,000
Payment to bond escrow agent	27,900,171	-
Capital leases	18,141	28,450
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid. In the statement of activities interest is reported as accrued.		
	248,600	(7,937)
The loss on advanced refunding is reported in the governmental funds as an other financing use. In the Statement of Activities, this cost is deferred and amortized over the life of the bonds. The current year amortization is:		
	(190,608)	-
Bond premiums are reported as an other financing source in the governmental fund statements. In the Statement of Activities, only the amortized portion of the premium is recorded. The amount of amortized bond premium reported on the Statement of Activities in the current year is:		
	<u>77,340</u>	<u>77,340</u>
Change in net position of governmental activities reported in the Statement of Activities (see page 5)	<u>\$ 1,874,927</u>	<u>\$ 692,602</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Statement of Net Position -
Fiduciary Funds
June 30, 2016
(With summarized financial information as of June 30, 2015)

	Private-Benefit Trust	Agency Fund	Total Fiduciary Funds	
			2016	2015
ASSETS				
Cash and investments	\$ 161,097	\$ 116,181	\$ 277,278	\$ 288,689
LIABILITIES				
Current liabilities				
Accounts payable	-	6,296	6,296	-
Due to student organizations	-	109,885	109,885	127,457
Total Liabilities	-	116,181	116,181	127,457
NET POSITION				
Restricted for scholarships	\$ 161,097	\$ -	\$ 161,097	\$ 161,232

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Statement of Changes in Net Position -
Fiduciary Fund
For the Year Ended June 30, 2016
(With summarized financial information for the year ended June 30, 2015)

	Private-Benefit Trust	
	2016	2015
ADDITIONS		
Private donations	\$ 12,450	\$ 15,086
Earnings on investments	3,214	2,470
Total Additions	<u>15,664</u>	<u>17,556</u>
DEDUCTIONS		
Scholarships awarded	<u>15,799</u>	<u>10,350</u>
Change in Net Position	(135)	7,206
Net Position - July 1	<u>161,232</u>	<u>154,026</u>
Net Position - June 30	<u><u>\$ 161,097</u></u>	<u><u>\$ 161,232</u></u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Wilmot Union High School District (the "District") Wilmot, Wisconsin, 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:

1. Reporting Entity

The Wilmot Union High School District is organized as a union school district. The District, governed by a seven member elected school board, operates grades nine through twelve and is comprised of all or parts of seven taxing districts.

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead 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. Governmental funds include general, special revenue, debt service and capital projects funds. The District has no proprietary funds or internal service funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

GENERAL FUND

This is the District's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

DEBT SERVICE FUNDS

These funds accounts for the resources accumulated and payments made for principal, interest, and related costs on long-term general obligation debt of governmental funds. The Referendum Debt Service fund accounts for transactions for the repayment of debt that were authorized by an approved referendum. The Non-referendum Debt Service Fund accounts for transactions for the repayment of debt approved by school board resolution.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL EXPANSION FUND

This fund is used to account for financial resources to be used for the acquisition or construction of major capital project facilities (other than those financed by trust funds).

Additionally, the government reports the following fund types:

The *private-benefit trust fund* is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.

The District accounts for assets held as an agent for various student organizations in an *agency fund*.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants in an orderly transaction between market participants at the measurement date.

b. Accounts Receivable

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

c. Inventory

Governmental fund inventory items are recorded at the lower of cost or market based on the FIFO (first-in, first-out) method using the consumption method of accounting.

Inventory of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available resources.

d. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

e. Capital Assets

Capital assets, which include property, plant, machinery and equipment, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	Governmental Activities
<u>Assets</u>	Years
Land improvements	20 - 50
Buildings and improvements	20 - 50
Machinery and equipment	5 - 20
Vehicles	5

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the district-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has one item that qualifies for reporting in this category. This item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

g. Long-term Obligations

In the district-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense during the current period.

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

h. Pensions

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

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fund Equity/Net Position

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized the District Administrator and the Business Manager to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

DISTRICT-WIDE STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that are subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Use of Estimates

The preparation of all financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

6. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

7. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE B - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the fiduciary funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments, totaled \$2,506,663 on June 30, 2016 as summarized below:

Petty cash	\$ 1,200
Deposits with financial institutions	743,752
Investments	<u>1,761,711</u>
	<u>\$ 2,506,663</u>

Reconciliation to the basic financial statements:

District-Wide Statement of Net Position	
Cash and investments	\$ 2,229,385
Fiduciary funds Statement of Net Position	
Private-benefit trust fund	161,097
Agency funds	<u>116,181</u>
	<u>\$ 2,506,663</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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

Fair Value Measurements

The District implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending June 30, 2016. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2016:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
U.S. Treasury securities	\$ -	\$ 56,965	\$ -

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of time and savings deposits and \$250,000 for all interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of June 30, 2016, \$591,109 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. \$591,109 was collateralized with securities held by the pledging financial institution but not in the District's name.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wisconsin Local Government Investment Pool	\$ 1,704,746	\$ -	\$ -	\$ -	\$ 1,704,746
U.S. Treasury securities	56,965	56,965	-	-	-
	<u>\$ 1,761,711</u>	<u>\$ 56,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,704,746</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy 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	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Local Government Investment Pool	\$ 1,704,746	\$ 1,704,746	\$ -	\$ -	\$ -
U.S. Treasury securities	56,965	-	-	-	56,965
	<u>\$ 1,761,711</u>	<u>\$ 1,704,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,965</u>

Investments

The District has investments in the Wisconsin local government investment pool of \$1,704,746 at year-end. 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. 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. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2016, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2016

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

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 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

3. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,398,812	\$ -	\$ -	\$ 1,398,812
Capital assets, being depreciated:				
Land improvements	91,033	-	-	91,033
Buildings and improvements	53,187,257	680,000	-	53,867,257
Machinery and equipment	1,580,302	195,182	-	1,775,484
Vehicles	119,519	55,546	-	175,065
Subtotals	54,978,111	930,728	-	55,908,839
Less: Accumulated depreciation	17,204,246	1,101,152	-	18,305,398
Total capital assets, being depreciated, net	37,773,865	(170,424)	-	37,603,441
Governmental activities capital assets, net	<u>\$ 39,172,677</u>	<u>\$ (170,424)</u>	<u>\$ -</u>	39,002,253
Less related long-term debt outstanding				33,272,099
Add: Loss on advance refunding				<u>1,429,563</u>
Net investment in capital assets				<u>\$ 7,159,717</u>

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

4. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2016:

	Outstanding 6/30/15	Issued	Retired	Outstanding 6/30/16	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$34,940,000	\$ 28,215,000	\$ 29,790,000	\$33,365,000	\$ 3,630,000
Bond premium	707,775	-	77,340	630,435	77,340
Capital leases	-	76,115	18,141	57,974	18,540
<hr/>					
Governmental activities Long-term obligations	<u>\$35,647,775</u>	<u>\$ 28,291,115</u>	<u>\$ 29,885,481</u>	<u>\$34,053,409</u>	<u>\$ 3,725,880</u>

Total interest paid during the year on long-term debt totaled \$1,281,386.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$35,410,000 issued 10/28/2004; \$2,655,000 due in 2017; interest 5.250%	\$ 2,655,000
\$3,620,000 issued 6/4/2014; \$3,620,000 due in 2025; interest 3.35% to 3.75%	3,620,000
\$28,215,000 issued 9/15/15; \$975,000 to \$4,020,000 due annually through 2024; interest 1.00% to 3.02%	<u>27,090,000</u>
Total Bonds	<u>\$ 33,365,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$33,365,000 on June 30, 2016 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 3,630,000	\$ 864,237	\$ 4,494,237
2018	3,505,000	715,099	4,220,099
2019	3,560,000	667,782	4,227,782
2020	3,630,000	605,482	4,235,482
2021	3,705,000	531,067	4,236,067
2022-2025	15,335,000	1,153,442	16,488,442
	<u>\$ 33,365,000</u>	<u>\$ 4,537,107</u>	<u>\$ 37,902,107</u>

For the governmental activities, the other long-term liabilities are generally liquidated by the general fund.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2016

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases

The following is a schedule by years of future minimum lease payments due under capital leases together with the present value of the net minimum lease payments as of June 30, 2016:

Year Ending June 30,	Amount
2017	\$ 20,640
2018	20,640
2019	20,640
Less: Amount representing interest	(3,946)
Present value of future minimum lease payments	<u>\$ 57,974</u>

Advance Refunding

During 2016, the District partially advance refunded a General Obligation Bond from 2004. The District purchased U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded bond. As a result, the debt is considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 9 years by \$1,303,231 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,697,055.

At June 30, 2016, \$26,280,000 of outstanding general obligation bonds are considered defeased.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2016 was as follows:

Equalized valuation of the District	\$ 1,930,712,796
Statutory limitation percentage	<u>(x) 10%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	193,071,280
Total outstanding general obligation debt applicable to debt limitation	\$ 33,365,000
Less: Amounts available for financing general obligation debt	
Debt service fund ⁽¹⁾	<u>890,923</u>
Net outstanding general obligation debt applicable to debt limitation	32,474,077
Legal Margin for New Debt	<u>\$ 160,597,203</u>

⁽¹⁾ Debt service funds less interest payments of \$501,813 due in 2016.

5. Minimum Fund Balance Policy

The District has a minimum fund balance policy of 18% of General Fund Operating Expenditures. The calculation is as follows:

Actual 2015-2016 General Fund (Fund 10 and 27) Operating Expenditures	\$ 15,590,003
Minimum Fund Balance % per policy	18%
Minimum Fund Balance Amount	<u>\$ 2,806,201</u>

For the year ended June 30, 2016, the fund balance was \$4,288,432 which was greater than the minimum.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE C - OTHER INFORMATION

1. Pension Plan

a. 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.

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE C - OTHER INFORMATION (Continued)

b. 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
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%

c. 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. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$523,823 in contributions from the District.

Contribution rates as of June 30, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE C - OTHER INFORMATION (Continued)

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

At June 30, 2016, the District reported a liability of \$863,620 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the District's proportion was 0.05314649%, which was an increase of 0.00019109% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,052,007.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,574	\$ 1,817,474
Changes in assumptions	604,226	-
Net differences between projected and actual earnings on pension plan investments	3,534,203	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,599	-
Employer contributions subsequent to the measurement date	334,237	-
Total	\$ 4,655,839	\$ 1,817,474

\$334,237 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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,	Deferred Outflow of Resources	Deferred Inflows of Resources
2016	\$ 1,122,920	\$ 439,832
2017	1,122,920	439,832
2018	1,122,920	439,832
2019	933,311	439,832
2020	19,531	58,146
Total	\$ 4,321,602	\$ 1,817,474

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE C - OTHER INFORMATION (Continued)

e. Actuarial Assumption

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class				
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
Variable Fund Asset Class				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE C - OTHER INFORMATION (Continued)

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
District's proportionate share of the net pension liability (asset)	\$ 6,057,448	\$ 863,620	\$ (3,192,852)

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://ef.wi.gov/publications/cafr.htm>.

f. Payable to the WRS

At June 30, 2016 the District reported a payable of \$196,815 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2016.

2. Other Post-Employment Benefits

Plan Description - The District provides post-employment health and dental insurance for eligible employees. Eligibility is based on age and longevity. The benefits are based on contractual agreements with employee groups. The entire costs are paid by the District and funding comes from the current operating budget. The contributions are funded on a pay-as-you-go basis. There are 10 active administrative employees and 20 retired employees in the plan. Teachers that retire after July 1, 2012 are no longer included in the plan. Support staff that retire after July 1, 2011 are no longer included in the plan.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE C - OTHER INFORMATION (Continued)

Annual OPEB Cost and Net OPEB Obligation - The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 194,586
Interest on net OPEB	(6,619)
Adjustment to annual required contribution	9,571
Annual OPEB cost (expense)	197,538
Contributions made	(147,335)
Change in net OPEB obligation	50,203
OPEB obligation (asset) - beginning of year	(165,486)
OPEB obligation (asset) - end of year	\$ (115,283)

The annual required contribution for the year was determined as part of the July 1, 2013 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4% discount rate, and (b) projected salary increases at 3%.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected unit credit. The remaining open amortization period at June 30, 2016 is 28 years.

Trend Information - The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 200,047	147%	\$ (167,371)
6/30/2015	194,551	101%	(165,486)
6/30/2016	194,586	76%	(115,283)

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE C - OTHER INFORMATION (Continued)

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$1,998,479.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

Actuarial Valuation Date July 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2013	\$ -	\$ 1,998,479	0.00%	\$ 1,998,479	\$ 918,890	217.49%

3. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

4. Contingencies

- a. The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.
- b. From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

5. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

This limitation does not apply to revenue needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

NOTE C - OTHER INFORMATION (Continued)

6. Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The District will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB No. 75 is effective one year later. The District is currently evaluating the impact these standards will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual

General Fund - Budgetary Basis

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 7,496,412	\$ 7,496,412	\$ 7,466,412	\$ (30,000)
Other local sources	247,600	247,600	321,630	74,030
Interdistrict sources	788,230	788,230	819,759	31,529
Intermediate sources	5,000	5,000	5,000	-
State sources	5,505,959	5,505,959	5,540,723	34,764
Federal sources	182,418	182,418	172,738	(9,680)
Other sources	53,000	53,000	148,391	95,391
Total Revenues	14,278,619	14,278,619	14,474,653	196,034
Expenditures				
Instruction				
Regular instruction	4,740,363	4,740,363	4,693,201	47,162
Vocational instruction	1,108,109	1,108,109	1,104,467	3,642
Other instruction	849,568	849,568	898,986	(49,418)
Total Instruction	6,698,040	6,698,040	6,696,654	1,386
Support Services				
Pupil services	619,844	619,844	612,576	7,268
Instructional staff services	705,656	705,656	716,026	(10,370)
General administration services	388,679	388,679	387,465	1,214
School administration services	525,318	525,318	502,635	22,683
Business services	376,679	376,679	371,295	5,384
Operation and maintenance of plant	1,573,553	1,573,553	1,684,576	(111,023)
Pupil transportation	527,195	527,195	516,774	10,421
Central services	463,508	463,508	407,932	55,576
Insurance	145,529	145,529	141,383	4,146
Other support services	145,100	145,100	125,537	19,563
Total Support Services	5,471,061	5,471,061	5,466,199	4,862
Debt Service				
Principal of debt	18,141	18,141	18,141	-
Interest and fiscal charges	2,499	2,499	2,499	-
Total Debt Service	20,640	20,640	20,640	-
Non-program				
General tuition payments	615,564	615,564	605,069	10,495
Other non-program transactions	5,000	5,000	4,517	483
Total non-program	620,564	620,564	609,586	10,978
Total Expenditures	12,810,305	12,810,305	12,793,079	17,226
Excess of Revenues Over Expenditures	1,468,314	1,468,314	1,681,574	213,260
Other Financing Sources (Uses)				
Capital lease proceeds	76,115	76,115	76,115	-
Transfers out	(1,551,429)	(1,551,429)	(1,622,194)	(70,765)
Total Other Financing Sources (Uses)	(1,475,314)	(1,475,314)	(1,546,079)	(70,765)
Net Change in Fund Balance	(7,000)	(7,000)	135,495	142,495
Fund Balance - Beginning of Year	4,152,937	4,152,937	4,152,937	-
Fund Balance - End of Year	\$ 4,145,937	\$ 4,145,937	\$ 4,288,432	\$ 142,495

See Notes to Required Supplementary Information.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Special Education Special Revenue Fund - Budgetary Basis
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interdistrict sources	\$ 363,379	\$ 363,379	\$ 379,360	\$ 15,981
Intermediate sources	68,000	68,000	68,484	484
State sources	547,000	547,000	538,946	(8,054)
Federal sources	173,053	173,053	188,390	15,337
Total Revenues	1,151,432	1,151,432	1,175,180	23,748
Expenditures				
Instruction				
Special education instruction	1,800,312	1,800,312	1,830,536	(30,224)
Support services				
Pupil services	238,226	238,226	246,899	(8,673)
Instructional staff services	124,826	124,826	120,832	3,994
Business services	-	-	1,878	(1,878)
Operation and maintenance of plant	500	500	655	(155)
Pupil transportation	167,500	167,500	202,959	(35,459)
Central services	1,283	1,283	7,829	(6,546)
Total Support Services	532,335	532,335	581,052	(48,717)
Non-program				
Special education tuition	294,714	294,714	309,941	(15,227)
Other non-program transactions	75,500	75,500	75,845	(345)
Total non-program	370,214	370,214	385,786	(15,572)
Total Expenditures	2,702,861	2,702,861	2,797,374	(94,513)
Excess of Revenues Under Expenditures	(1,551,429)	(1,551,429)	(1,622,194)	(70,765)
Other Financing Sources				
Transfers in	1,551,429	1,551,429	1,622,194	70,765
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

See Notes to Required Supplementary Information.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended June 30, 2016

Actuarial Valuation Date July 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 5,591,967	0.00%	\$ 5,591,967	\$ 7,706,445	72.56%
2011	-	2,293,157	0.00%	2,293,157	N/A	0.00%
2013	-	1,998,479	0.00%	1,998,479	918,890	217.49%

See Notes to Required Supplementary Information.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Employer Contributions
Other Post-Employment Benefit Plan
For the Year Ended June 30, 2016

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2014	\$ 295,069	\$ 200,047	147.50%
2015	195,651	194,551	100.57%
2016	147,335	194,586	75.72%

See Notes to Required Supplementary Information.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015	2016
Proportion of the net pension liability (asset)	0.05295540%	0.05314649%
Proportionate share of the net pension liability (asset)	(\$1,300,730)	\$863,620
Covered-employee payroll	\$7,267,174	\$7,703,273
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%

* The District implemented GASB Statement Nos. 68 and 71 for the year ended June 30, 2015. Information for prior years is not available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See Notes to Required Supplementary Information.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015	2016
Contractually required contributions	\$ 509,402	\$ 523,823
Contributions in relation to the contractually required contributions	\$ 509,402	\$ 523,823
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 7,267,174	\$ 7,703,273
Contributions as a percentage of covered-employee payroll	7.00%	6.80%

* The District implemented GASB Statement Nos. 68 and 71 for the year ended June 30, 2015. Information for prior years is not available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See Notes to Required Supplementary Information.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

NOTE A - CHANGE IN ACTUARIAL ASSUMPTIONS

The District changed eligibility requirements for teachers and support staff from the July 1, 2009 actuarial valuation. Teachers retiring after July 1, 2012 are not eligible for other post-employment benefits and support staff retiring after July 1, 2011 are not eligible for other post-retirement benefits of any kind. This resulted in a significant decrease in the actuarial accrued liability of the District.

NOTE B - WISCONSIN RETIREMENT SYSTEM

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

NOTE C - BUDGET AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction (DPI). The DPI requires the District to separate special education revenues and expenditures from other general fund amounts. Budgetary expenditure control is exercised at the two digit function level for the general fund and the special education fund. All other fund budgets are adopted at the fund level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education 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 Board of Education may make alterations to the proposed budget.
- Once the Board of Education (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 Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is formally used by the District.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Required Supplemental Information (Continued)
For the Year Ended June 30, 2016

NOTE C - BUDGETARY INFORMATION (Continued)

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2016.

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 14,474,653	\$ 1,175,180
Reclassification of special education	1,175,180	(1,175,180)
Total Revenues	<u>15,649,833</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	12,793,079	2,797,374
Reclassification of special education	2,797,374	(2,797,374)
Total Expenditures	<u>15,590,453</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	1,681,574	(1,622,194)
Reclassification of special education	(1,622,194)	1,622,194
Excess of Revenues Over (Under) Expenditures	<u>59,380</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(1,546,079)	1,622,194
Reclassification of special education	1,622,194	(1,622,194)
Total Other Financing Sources (Uses)	<u>76,115</u>	<u>-</u>
Net Change in Fund Balance		
Actual amounts (budgetary basis)	<u>135,495</u>	<u>-</u>
Fund Balance - July 1		
Actual amounts (budgetary basis)	<u>4,152,937</u>	<u>-</u>
Fund Balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 4,288,432</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2016

(With summarized financial information as of June 30, 2015)

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds	
	Special Revenue Trust	Food Service	Community Service	Capital Projects Fund	2016	2015
	ASSETS					
Cash and investments	\$ 880	\$ 105,149	\$ 8,490	\$ 150,875	\$ 265,394	\$ 683,829
Receivables						
Taxes	-	-	99,000	-	99,000	179,359
Accounts	-	-	90	-	90	344
Due from other governments	-	-	-	-	-	26,795
TOTAL ASSETS	\$ 880	\$ 105,149	\$ 107,580	\$ 150,875	\$ 364,484	\$ 890,327
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 438	\$ -	\$ -	\$ 438	\$ -
Fund Balances						
 Restricted						
Food service programs	-	104,711	-	-	104,711	99,042
Community programs	-	-	107,580	-	107,580	60,018
Capital expansion	-	-	-	150,875	150,875	730,737
Assigned - private donations and gifts	880	-	-	-	880	530
Total Fund Balances	880	104,711	107,580	150,875	364,046	890,327
TOTAL LIABILITIES AND FUND BALANCES	\$ 880	\$ 105,149	\$ 107,580	\$ 150,875	\$ 364,484	\$ 890,327

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

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

For the Year Ended June 30, 2016

(With summarized financial information for the year ended June 30, 2015)

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds	
	Special Revenue Trust	Food Service	Community Service	Capital Projects Fund	2016	2015
	Revenues					
Property taxes	\$ -	\$ -	\$ 99,000	\$ -	\$ 99,000	\$ 278,359
Other local sources	350	435,574	47,488	1,779	485,191	432,639
Interdistrict sources	-	235,900	-	-	235,900	265,358
State sources	-	-	-	-	-	461
Federal sources	-	8,169	-	-	8,169	14,159
Total Revenues	350	679,643	146,488	1,779	828,260	990,976
Expenditures						
Support Services						
School administration services	-	-	29,444	-	29,444	29,363
Operation and maintenance of plant	-	36,160	-	709,058	745,218	-
Food service	-	637,814	-	-	637,814	647,099
Central services	-	-	458	-	458	-
Total Support Services	-	673,974	29,902	709,058	1,412,934	676,462
Community services	-	-	69,024	-	69,024	63,125
Total Expenditures	-	673,974	98,926	709,058	1,481,958	739,587
Net Change in Fund Balances	350	5,669	47,562	(707,279)	(653,698)	251,389
Fund Balances - Beginning of Year	530	99,042	60,018	858,154	1,017,744	638,938
Fund Balances - End of Year	\$ 880	\$ 104,711	\$ 107,580	\$ 150,875	\$ 364,046	\$ 890,327

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Changes in Assets and Liabilities -
Pupil Activity Funds
For the Year Ended June 30, 2016

	Balance 7/1/15	Additions	Deletions	Balance 6/30/16
ASSETS				
Cash and investments	\$ 127,457	\$ 466,497	\$ 477,773	\$ 116,181
LIABILITIES				
Accounts payable	\$ -	\$ 126,849	\$ 120,553	\$ 6,296
Due to student organizations	127,457	109,885	127,457	109,885
TOTAL LIABILITIES	\$ 127,457	\$ 236,734	\$ 248,010	\$ 116,181

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

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

To the Board of Education
Wilmot Union High School District
Wilmot, 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 Wilmot Union High School District of Wisconsin, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Wilmot Union High School District's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated January 10, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying summary of auditors' results as items 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Wilmot Union High School District's Response to Finding

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

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
January 10, 2017

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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

To the Board of Education
Wilmot Union High School District
Wilmot, Wisconsin

Report on Compliance for Each Major State Program

We have audited Wilmot Union High School 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 Wilmot Union High School District's designated state major aid programs for the year ended June 30, 2016. Wilmot Union High School District's designated major state aid programs are identified in the accompanying summary of auditors' results.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its designated major state aid programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Wilmot Union High School 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 designated state major aid programs occurred. An audit includes examining, on a test basis, evidence about Wilmot Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each designated major state program. However, our audit does not provide a legal determination of Wilmot Union High School District's compliance.

Opinion on Each Major State Program

In our opinion, Wilmot Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its designated state major aid programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Wilmot Union High School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the designated state major aid programs. In planning and performing our audit of compliance, we considered Wilmot Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on the designated state major aid programs to determine the auditing procedures for the purpose of expressing our opinion on compliance for each designated state major 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 Wilmot Union High School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a designated state major aid 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 designated major state aid program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Certified Public Accountants
Green Bay, Wisconsin
January 10, 2017

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Grantor Agency/ Federal Program Title	Pass-through Agency	Federal Catalog Number	(Accrued or Deferred Revenue 7/1/15)	Amount Received	Accrued or (Deferred) Revenue 6/30/16	Total Revenues	Total Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
<i>Child Nutrition Cluster</i>							
School Milk Program	DPI	10.556	\$ -	\$ 8,169	\$ -	\$ 8,169	\$ 8,169
TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE			-	8,169	-	8,169	8,169
<u>U.S. DEPARTMENT OF EDUCATION</u>							
<i>Title I Grants to Local Education Agencies</i>							
July 1, 2014 - June 30, 2015	DPI	84.010	(22,992)	22,992	-	-	-
July 1, 2015 - June 30, 2016			-	-	95,127	95,127	95,127
Total Title I Grants to Local Education Agencies			(22,992)	22,992	95,127	95,127	95,127
<i>Special Education Cluster</i>							
<i>Special Education Grants to States</i>							
<i>High Cost Special Education Aid</i>							
July 1, 2015 - June 30, 2016	DPI	84.027	-	6,307	-	6,307	6,307
<i>CEIS Entitlement</i>			(10,000)	15,000	-	5,000	5,000
<i>Flow-through Entitlement</i>							
July 1, 2014 - June 30, 2015			(51,248)	51,248	-	-	-
July 1, 2015 - June 30, 2016			-	93,011	89,072	182,083	182,083
Total Special Education Grants to States and Special Education Cluster			(61,248)	165,566	89,072	193,390	193,390
<i>Title II-A Teacher & Principal Training</i>							
July 1, 2014 - June 30, 2015	DPI	84.367	(3,619)	3,619	-	-	-
July 1, 2015 - June 30, 2016			-	14,694	7,406	22,100	22,100
Total Title II-A Teacher & Principal Training			(3,619)	18,313	7,406	22,100	22,100
TOTAL U.S. DEPARTMENT OF EDUCATION			(87,859)	206,871	191,605	310,617	310,617
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
<i>Medicaid Cluster</i>							
Medical Assistance-School Based Services Program	DHS	93.778	(3,099)	53,094	515	50,510	50,510
TOTAL FEDERAL AWARDS			\$ (90,958)	\$ 268,134	\$ 192,120	\$ 369,296	\$ 369,296

DPI - Wisconsin Department of Public Instruction
DHS- Wisconsin Department of Health Services

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

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of State Financial Assistance
For the Year Ended June 30, 2016

Program Name	Pass-Through Agency	State I.D. Number	(Accrued) or Deferred Revenue 7/1/15	Amount Received	Accrued or (Deferred) Revenue 6/30/16	Total Revenues	Total Expenditures
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>							
Handicapped Pupils and School Age Parents	Direct Program	255.101	\$ -	\$ 529,673	\$ -	\$ 529,673	\$ 529,673
	CESA #2		-	68,484	-	68,484	68,484
	Westosha Central HS		-	25,029	-	25,029	25,029
			-	623,186	-	623,186	623,186
Common School Library Fund	Direct Program	255.103	-	60,446	-	60,446	60,446
General Transportation Aid							
Public and Nonpublic	Direct Program	255.107	-	23,240	-	23,240	23,240
Equalization Aids	Direct Program	255.201	(89,533)	5,253,321	92,250	5,256,038	5,256,038
High Cost Special Education Aid	Direct Program	255.210	-	9,273	-	9,273	9,273
Per Pupil Aid	Direct Program	255.945	-	-	165,150	165,150	165,150
Career and Technical Education		255.950	-	15,252	-	15,252	15,252
Total Wisconsin Department of Public Instruction			(89,533)	5,984,718	257,400	6,152,585	6,152,585
TOTAL STATE FINANCIAL ASSISTANCE			\$ (89,533)	\$ 5,984,718	\$ 257,400	\$ 6,152,585	\$ 6,152,585

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

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2016

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of Wilmot Union School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the *Wisconsin Public School District Audit Manual*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2015-2016 eligible costs under the State Special Education Program as reported by the District are \$2,021,921.

NOTE C - OVERSIGHT AGENCIES

The Wisconsin Department of Public Instruction is the state oversight agency for the District.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Summary of Auditors' Results
For the Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

State Financial Assistance

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ?	No

Identification of major state programs:

State ID Number	Name of State Program
255.201	Equalization Aids
255.210	High Cost Special Education Aid
255.945	Per Pupil Adjustment Aid

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Summary of Auditors' Results (Continued)
For the Year Ended June 30, 2016

Section II - Financial Statement Findings

Finding No.	Internal Control Deficiencies
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2015-001 Preparation of Annual Financial Report

Condition: Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.

Criteria: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

Cause: District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect: Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Recommendation: We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

Section III - State Financial Assistance Findings and Questioned Costs

None Reported

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Summary of Auditors' Results (Continued)
For the Year Ended June 30, 2016

Section IV - Other Issues

Does the auditors' report or the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____ Yes X No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin Public School District Audit Manual*: _____ Yes X No

Wisconsin Department of Public Instruction _____ Yes X No
Wisconsin Department of Health Services _____ Yes X No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? X Yes _____ No

Name and signature of shareholder



David L. Maccoux, CPA

Date of report January 10, 2017

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2016

Status of Prior Year Audit Findings

The findings noted in the 2015 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2015-001 outweighs the benefits to be received from implementation of recommendations. Finding 2015-002 was resolved in the current year.

Corrective Action Plan

2015-001 Preparation of Annual Financial Report

Management believes the cost of additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management will continue to review the audit report. The Business Manager has reviewed and approved the annual financial report prior to issuance.

District Contact Mr. David Betz
for Corrective Business Manager
Action Plan: BetzD@wilmoths.k12.wi.us