

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

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2017

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WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2017

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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, Wilmot, Wisconsin (the "District") as of and for the year ended June 30, 2017, 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, 2017, 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.

Change in Accounting Principle

As discussed in Note C.2 the District adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 34 through 37 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 schedule of expenditures of federal awards and the schedule of state financial assistance are presented for purposes of additional analysis as required by the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction and are also 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 schedule 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 2016 financial statements, and our report dated January 10, 2017, 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, 2016, 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 November 30, 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
November 30, 2017

BASIC FINANCIAL STATEMENTS

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Statement of Net Position
June 30, 2017
(With summarized financial information as of June 30, 2016)

	Governmental Activities	
	2017	2016
ASSETS		
Cash and investments	\$ 4,516,626	\$ 2,229,385
Receivables		
Taxes	3,921,301	3,989,225
Accounts	36,911	68,717
Due from other governments	365,812	1,081,750
Inventory	14,387	5,064
Prepaid items	-	31,631
Capital assets		
Land	710,000	1,398,812
Land improvements	91,033	91,033
Buildings and improvements	53,867,257	53,867,257
Machinery and equipment	1,856,685	1,775,484
Vehicles	175,065	175,065
Less: accumulated depreciation	(19,397,214)	(18,305,398)
Total Capital Assets	<u>37,302,826</u>	<u>39,002,253</u>
Other Assets		
Other post employment benefits net asset	-	115,283
TOTAL ASSETS	<u>46,157,863</u>	<u>46,523,308</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,238,955	1,429,563
Deferred outflows related to OPEB plan	103,457	-
Deferred outflows related to pension plan	<u>3,244,976</u>	<u>4,655,839</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,587,388</u>	<u>6,085,402</u>
LIABILITIES		
Accounts payable	284,391	47,990
Accrued payroll liabilities	150,805	372,985
Due to other governments	118,423	-
Accrued interest payable	238,400	288,100
Long-term obligations		
Due within one year	3,601,654	3,725,880
Due in more than one year	26,725,875	30,327,529
Other post-employment benefits liability	1,219,700	-
Net pension liability	<u>450,495</u>	<u>863,620</u>
TOTAL LIABILITIES	<u>32,789,743</u>	<u>35,626,104</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension plan	<u>1,429,079</u>	<u>1,817,474</u>
NET POSITION		
Net investment in capital assets	8,690,007	7,159,717
Restricted for		
Food service program	110,476	104,711
Debt service	1,507,735	1,104,635
Capital expansion	-	150,875
Community service programs	152,103	107,580
Unrestricted	<u>6,066,108</u>	<u>6,537,614</u>
TOTAL NET POSITION	<u>\$ 16,526,429</u>	<u>\$ 15,165,132</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, 2017
(With summarized financial information for the year ended June 30, 2016)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2017	2016
Governmental Activities					
Instruction	\$ 8,602,453	\$ 1,022,729	\$ 1,038,572	\$ (6,541,152)	\$ (5,473,141)
Support services	7,170,742	832,948	96,226	(6,241,568)	(6,724,326)
Community services	78,125	55,341	-	(22,784)	(24,007)
Interest and fiscal charges	929,904	-	-	(929,904)	(1,537,537)
Depreciation - unallocated	1,091,816	-	-	(1,091,816)	(1,101,152)
Non-program	863,585	-	-	(863,585)	(995,372)
Total Governmental Activities	<u>\$ 18,736,625</u>	<u>\$ 1,911,018</u>	<u>\$ 1,134,798</u>	<u>(15,690,809)</u>	<u>(15,855,535)</u>
General revenues					
Property taxes, levied for general purposes				6,969,544	7,466,412
Property taxes, levied for debt service				4,693,729	4,418,418
Property taxes, levied for capital projects				406,958	207,160
Property taxes, levied for community service				99,000	99,000
Other taxes				23,889	32,163
State and federal aids not restricted to specific functions				5,533,391	5,261,374
Interest and investment earnings				16,644	7,589
Gain on sale of capital assets				484,357	-
Miscellaneous				51,693	238,346
Total general revenues				<u>18,279,205</u>	<u>17,730,462</u>
Change in net position				<u>2,588,396</u>	<u>1,874,927</u>
Net position - beginning of year (as previously reported)				15,165,132	13,290,205
Cumulative effect of change in accounting principle				<u>(1,227,099)</u>	-
Net position - beginning of year (as restated)				<u>13,938,033</u>	<u>13,290,205</u>
Net position - end of year				<u>\$ 16,526,429</u>	<u>\$ 15,165,132</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Balance Sheet -

Governmental Funds

June 30, 2017

(With summarized financial information as of June 30, 2016)

	General	Non- Referendum Debt Service	Referendum Debt Service
ASSETS			
Cash and investments	\$ 2,772,406	\$ 166,667	\$ 3,163
Receivables			
Taxes	2,344,996	58,825	1,517,480
Accounts	36,821	-	-
Due from other governments	324,929	-	-
Inventory	14,387	-	-
Prepaid items	-	-	-
TOTAL ASSETS	\$ 5,493,539	\$ 225,492	\$ 1,520,643
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 284,391	\$ -	\$ -
Accrued payroll liabilities	149,533	-	-
Due to other governments	118,423	-	-
Total Liabilities	552,347	-	-
Fund Balances			
Nonspendable			
Inventory	14,387	-	-
Prepaid items	-	-	-
Restricted			
Retirement of long-term debt	-	225,492	1,520,643
Food service program	-	-	-
Community service programs	-	-	-
Capital expansion	-	-	-
Energy efficiency projects	-	-	-
Assigned			
Private gifts and donations	-	-	-
Unassigned	4,926,805	-	-
Total Fund Balances	4,941,192	225,492	1,520,643
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,493,539	\$ 225,492	\$ 1,520,643

Capital Expansion Fund	Nonmajor Governmental	Total Governmental Funds	
		2017	2016

\$ 1,350,632 \$ 223,758 \$ 4,516,626 \$ 2,229,385

- - 3,921,301 3,989,225

- 90 36,911 68,717

- 40,883 365,812 1,081,750

- - 14,387 5,064

- - - 31,631

\$ 1,350,632 \$ 264,731 \$ 8,855,037 \$ 7,405,772

\$ - \$ - \$ 284,391 \$ 47,990

- 1,272 150,805 372,985

- - 118,423 -

- 1,272 553,619 420,975

- - 14,387 5,064

- - - 31,631

- - 1,746,135 1,392,735

- 110,476 110,476 104,711

- 152,103 152,103 107,580

- - - 150,875

1,350,632 - 1,350,632 939,584

- 880 880 880

- - 4,926,805 4,251,737

1,350,632 263,459 8,301,418 6,984,797

\$ 1,350,632 \$ 264,731 \$ 8,855,037 \$ 7,405,772

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Balance Sheet -
Governmental Funds (Continued)
June 30, 2017
(With summarized financial information as of June 30, 2016)

<u>Reconciliation to Statement of Net Position</u>	2017	2016
Fund balance, as shown above	\$ 8,301,418	\$ 6,984,797
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.	37,302,826	39,002,253
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:		
Deferred outflows of resources	3,244,976	4,655,839
Net pension liability	(450,495)	(863,620)
Deferred inflows of resources	(1,429,079)	(1,817,474)
The District's other post-employment benefit plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Deferred outflows of resources	103,457	-
Net pension liability	(1,219,700)	-
Other assets held for other post-employment benefits (OPEB) are not financial resources and therefore are not reported in the funds.	-	115,283
Deferred outflow of resources is reported in statement of net position for the loss on advance refunding.	1,238,955	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	(29,735,000)	(33,365,000)
Capital leases	(39,434)	(57,974)
Premium on bonds	(553,095)	(630,435)
Accrued interest on long-term obligations	(238,400)	(288,100)
Net position of governmental activities as reported on the Statement of Net Position (see page 4)	<u>\$ 16,526,429</u>	<u>\$ 15,165,132</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, 2017

(With summarized financial information for the year ended June 30, 2016)

	General	Non- Referendum Debt Service	Referendum Debt Service
Revenues			
Property taxes	\$ 6,969,544	\$ 117,650	\$ 4,576,079
Other local sources	355,482	173	2,238
Interdistrict sources	848,847	-	-
Intermediate sources	91,081	-	-
State sources	6,220,276	-	-
Federal sources	345,073	-	-
Other sources	49,893	-	-
Total Revenues	14,880,196	117,823	4,578,317
Expenditures			
Instruction			
Regular instruction	4,550,863	-	-
Vocational instruction	1,053,288	-	-
Special education instruction	1,693,929	-	-
Other instruction	837,048	-	-
Total Instruction	8,135,128	-	-
Support Services			
Pupil services	899,890	-	-
Instructional staff services	885,348	-	-
General administration services	379,133	-	-
School administration services	513,643	-	-
Business services	333,365	-	-
Operation and maintenance of plant	1,927,976	-	-
Food service	-	-	-
Pupil transportation	663,548	-	-
Insurance and judgements	2,098	-	-
Central services	467,237	-	-
Insurance	139,705	-	-
Other support services	106,254	-	-
Total Support Services	6,318,197	-	-
Debt Service			
Principal of debt	18,540	-	3,630,000
Interest and fiscal charges	2,100	117,650	746,586
Total Debt Service	20,640	117,650	4,376,586
Community services	-	-	-
Non-program			
General tuition payments	694,220	-	-
Special education tuition	68,407	-	-
Other non-program transactions	100,958	-	-
Total Non-program	863,585	-	-
Total Expenditures	15,337,550	117,650	4,376,586
Excess Revenues Over (Under) Expenditures	(457,354)	173	201,731
Other Financing Sources (Uses)			
Long term debt issued	-	-	-
Premium on long term debt	-	-	-
Payment to bond escrow agent	-	-	-
Capital lease proceeds	-	-	-
Sale of capital assets	1,110,114	-	-
Transfers in	-	151,496	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	1,110,114	151,496	-
Net Change in Fund Balances	652,760	151,669	201,731
Fund Balances - Beginning of Year	4,288,432	73,823	1,318,912
Fund Balances - End of Year	\$ 4,941,192	\$ 225,492	\$ 1,520,643

(Continued)

Capital Expansion Fund	Nonmajor Governmental	Total Governmental Funds	
		2017	2016
\$ 406,958	\$ 99,000	\$ 12,169,231	\$ 12,190,990
4,090	523,173	885,156	809,521
-	-	848,847	1,199,119
-	223,672	314,753	309,384
-	-	6,220,276	6,079,669
-	7,435	352,508	369,297
-	-	49,893	148,391
411,048	853,280	20,840,664	21,106,371
-	-	4,550,863	4,693,201
-	-	1,053,288	1,104,467
-	-	1,693,929	1,830,536
-	-	837,048	898,986
-	-	8,135,128	8,527,190
-	-	899,890	859,475
-	-	885,348	836,858
-	-	379,133	387,465
-	33,251	546,894	532,079
-	-	333,365	373,173
-	42,187	1,970,163	2,430,449
-	649,888	649,888	637,814
-	-	663,548	719,733
-	-	2,098	-
-	-	467,237	416,219
-	-	139,705	141,383
-	-	106,254	125,537
-	725,326	7,043,523	7,460,185
-	-	3,648,540	3,528,141
-	-	866,336	1,599,229
-	-	4,514,876	5,127,370
-	77,045	77,045	69,024
-	-	694,220	605,069
-	-	68,407	309,941
-	-	100,958	80,362
-	-	863,585	995,372
-	802,371	20,634,157	22,179,141
411,048	50,909	206,507	(1,072,770)
-	-	-	28,215,000
-	-	-	2,475
-	-	-	(27,900,171)
-	-	-	76,115
-	-	1,110,114	-
-	-	151,496	-
-	(151,496)	(151,496)	-
-	(151,496)	1,110,114	393,419
411,048	(100,587)	1,316,621	(679,351)
939,584	364,046	6,984,797	7,664,148
\$ 1,350,632	\$ 263,459	\$ 8,301,418	\$ 6,984,797

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, 2017

(With summarized financial information for the year ended June 30, 2016)

	2017	2016
Reconciliation to Statement of Activities		
Net Change in Fund Balances - Total Governmental Funds from the previous page	\$ 1,316,621	\$ (679,351)
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	\$ 81,201	
Depreciation expense reported in the statement of activities	<u>(1,091,816)</u>	
Amount by which the capital outlays in current period is greater (less) than depreciation	(1,010,615)	(170,424)
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities, only the gain (loss) on the disposal is reported.		
Proceeds from sale of assets	(625,757)	
Loss on sale of asset	<u>(63,055)</u>	
Net book value of the disposed capital assets	(688,812)	-
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)
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.	(609,343)	(497,625)
Changes in the net OPEB liability 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.	(4,427)	-
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	3,630,000	3,510,000
Payment to bond escrow agent	-	27,900,171
Capital leases	18,540	18,141
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.	49,700	248,600
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)	(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:	77,340	77,340
Change in net position of governmental activities reported in the Statement of Activities (see page 5)	<u>\$ 2,588,396</u>	<u>\$ 1,874,927</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, 2017
(With summarized financial information as of June 30, 2016)

	Private-Benefit Trust	Agency Fund	Total Fiduciary Funds	
			2017	2016
ASSETS				
Cash and investments	\$ 156,448	\$ 117,658	\$ 274,106	\$ 277,278
LIABILITIES				
Current liabilities				
Accounts payable	-	-	-	6,296
Due to student organizations	-	117,658	117,658	109,885
Total Liabilities	-	117,658	117,658	116,181
NET POSITION				
Restricted for scholarships	\$ 156,448	\$ -	\$ 156,448	\$ 161,097

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, 2017
(With summarized financial information for the year ended June 30, 2016)

	Private-Benefit Trust	
	2017	2016
ADDITIONS		
Private donations	\$ 8,349	\$ 12,450
Earnings on investments	-	3,214
Total Additions	<u>8,349</u>	<u>15,664</u>
DEDUCTIONS		
Scholarships awarded	<u>12,998</u>	<u>15,799</u>
Change in Net Position	(4,649)	(135)
Net Position - July 1	<u>161,097</u>	<u>161,232</u>
Net Position - June 30	<u>\$ 156,448</u>	<u>\$ 161,097</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, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 2017

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.

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.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

d. 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.

e. Prepaid Items

Payments made to vendors that will benefits periods beyond the end of the current fiscal year are recorded as prepaid items, and are accounted for on the consumption method.

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

f. 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 fair 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:

<u>Assets</u>	<u>Governmental Activities Years</u>
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, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. 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 three 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. The third is related to the District's other post-employment benefit plan and is deferred and amortized over the expected remaining service lives of the 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.

h. 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.

i. Other Postemployment Benefits Other Than Pensions (OPEB)

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

j. 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, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. 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, 2017

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, 2016, 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 \$4,790,732 on June 30, 2017 as summarized below:

Petty cash	\$ 1,200
Deposits with financial institutions	1,198,025
Investments	3,591,507
	<hr/>
	\$ 4,790,732
	<hr/> <hr/>

Reconciliation to the basic financial statements:

District-Wide Statement of Net Position	
Cash and investments	\$ 4,516,626
Fiduciary funds Statement of Net Position	
Private-benefit trust fund	156,448
Agency funds	117,658
	<hr/>
	\$ 4,790,732
	<hr/> <hr/>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Fair Value Measurements

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, 2017:

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

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.

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, 2017, \$259,660 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. \$259,660 was collateralized with securities held by a third party financial institution.

On June 30, 2017, the District held repurchase agreement investments of \$94,016 of which the underlying securities are held by the investment's counterparty, not in the name of the District.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

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	\$ 3,440,526	\$ -	\$ -	\$ -	\$ 3,440,526
U.S. Treasury securities	56,965	56,965	-	-	-
	<u>\$ 3,497,491</u>	<u>\$ 56,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,440,526</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	\$ 3,440,526	\$ 3,440,526	\$ -	\$ -	\$ -
U.S. Treasury securities	56,965	-	-	-	56,965
Repurchase agreements	94,016	94,016	-	-	-
	<u>\$ 3,591,507</u>	<u>\$ 3,534,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,965</u>

Investments

The District has investments in the Wisconsin local government investment pool of \$3,440,526 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, 2017, 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, 2017

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, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,398,812	\$ -	\$ 688,812	\$ 710,000
Capital assets, being depreciated:				
Land improvements	91,033	-	-	91,033
Buildings and improvements	53,867,257	-	-	53,867,257
Machinery and equipment	1,775,484	81,201	-	1,856,685
Vehicles	175,065	-	-	175,065
Subtotals	55,908,839	81,201	-	55,990,040
Less: Accumulated depreciation	18,305,398	1,091,816	-	19,397,214
Total capital assets, being depreciated, net	37,603,441	(1,010,615)	-	36,592,826
Governmental activities capital assets, net	<u>\$ 39,002,253</u>	<u>\$ (1,010,615)</u>	<u>\$ 688,812</u>	37,302,826
Less related long-term debt outstanding				29,774,434
Less debt premium				77,340
Add: Loss on advance refunding				1,238,955
Net investment in capital assets				<u>\$ 8,690,007</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, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

4. Interfund Transfers

Interfund transfers between individual funds of the District as of June 30, 2017 are detailed below:

	Transfer to:
	Non-Referendum Debt Service
Transfers from:	
Capital Projects Fund	\$ 151,496

The transfer represents the remaining debt proceeds not used in the capital projects funds and transferred to the debt service to pay off the remaining debt.

5. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2017:

	Outstanding 7/1/16	Issued	Retired	Outstanding 6/30/17	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$33,365,000	\$ -	\$ 3,630,000	\$29,735,000	\$ 3,505,000
Debt premium	630,435	-	77,340	553,095	77,340
Capital leases	57,974	-	18,540	39,434	19,314
<hr/>					
Governmental activities Long-term obligations	\$34,053,409	\$ -	\$ 3,725,880	\$30,327,529	\$ 3,601,654

Total interest paid during the year on long-term debt totaled \$864,237.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds	
\$3,620,000 issued 6/4/2014; \$3,620,000 due in 2025; interest 3.25%	\$ 3,620,000
\$28,215,000 issued 9/15/15; \$975,000 to \$4,020,000 due annually through 2024; interest 1.35% to 3.02%	26,115,000
Total Bonds	\$ 29,735,000

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$29,735,000 on June 30, 2017 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
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	3,795,000	447,704	4,242,704
2023-2025	11,540,000	705,738	12,245,738
	<u>\$ 29,735,000</u>	<u>\$ 3,672,872</u>	<u>\$ 33,407,872</u>

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

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2017 was as follows:

Equalized valuation of the District	\$ 1,994,771,517
Statutory limitation percentage	<u>(x) 10%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	199,477,152
Total outstanding general obligation debt applicable to debt limitation	\$ 29,735,000
Less: Amounts available for financing general obligation debt	
Debt service fund ⁽¹⁾	<u>1,383,710</u>
Net outstanding general obligation debt applicable to debt limitation	<u>28,351,290</u>
Legal Margin for New Debt	<u><u>\$ 171,125,862</u></u>

⁽¹⁾ Debt service funds less interest payments of \$362,425 due in 2017.

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, 2017:

Year Ending June 30,	Amount
2018	\$ 20,640
2019	<u>20,640</u>
Total Payments	41,280
Less: Amount representing interest	<u>(1,846)</u>
Present value of future minimum lease payments	<u><u>\$ 39,434</u></u>

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

6. 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 2016-2017 General Fund (Fund 10 and 27) Operating Expenditures	\$	15,337,550
Minimum Fund Balance % per policy		18%
Minimum Fund Balance Amount	\$	2,760,759

For the year ended June 30, 2017, the unassigned fund balance was \$4,926,805 which was greater than the minimum.

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.

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

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, 2017

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
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%
2016	0.5%	(5)%

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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$551,742 in contributions from the District.

Contribution rates as of June 30, 2017 are:

Employee Category	Employee	Employer
General (including teachers)	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, 2017

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, 2017, the District reported a liability of \$450,495 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the District's proportion was .05465590%, which was an increase of .00150941% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017 the District recognized pension expense of \$1,165,766.

At June 30, 2017, 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	\$ 171,774	\$ 1,416,768
Net differences between projected and actual earnings on pension plan investments	471,010	-
Changes in assumptions	2,242,422	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,223	12,311
Employer contributions subsequent to the measurement date	336,547	-
Total	\$ 3,244,976	\$ 1,429,079

\$336,547 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, 2018. 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 Outflows of Resources	Deferred Inflows of Resources
2017	\$ 1,059,334	\$ 455,365
2018	1,059,334	455,365
2019	863,817	455,365
2020	(74,839)	62,837
2021	783	147
Total	\$ 2,908,429	\$ 1,429,079

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

e. Actuarial Assumption

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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 %
<u>Core Fund Asset Class</u>				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
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%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

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 3.78%. 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)	\$ 5,926,552	\$ 450,495	\$ (3,766,317)

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

f. Payable to the WRS

At June 30, 2017 the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended June 30, 2017.

2. Other Postemployment Benefits Other Than Pension Benefits (OPEB)

The District has adopted GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2017. These statements revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended June 30, 2016 have not been restated.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

The cumulative effect of this change was to decrease the June 30, 2016 net position by \$1,227,099 as follows:

Other postemployment asset, as previously reported	\$	115,283	
Other postemployment liability			
Actuarially determined balance		(1,259,150)	
Change in other postemployment asset (liability)		(1,259,150)	\$ (1,374,433)

Deferred outflows of resources

Employer contributions subsequent to the measurement date		147,334	
		147,334	\$ (1,227,099)

a. Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. All employees of the District are eligible for the Plan if they are at least age 55 at retirement.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

b. Benefits Provided

Teachers retired prior to July 1, 2012

Continued medical coverage subsidized by the District based on rate in effect the year following the year of retirement. Retiree may elect to remain on District's group medical plan upon exhaustion of District provided medical benefit provided they self-pay the full amount (100%) of the premiums.

Administrators retired prior to July 1, 2015

Continued medical coverage subsidized by the District based on rate in effect the year following the year of retirement for a period of 3 years or until death of retiree. Retiree may elect to remain on District's group medical plan upon exhaustion of District provided medical benefit provided they self-pay the full amount (100%) of the premiums.

Administrators retiring on or after July 1, 2015, Teachers retiring on or after July 1, 2012 and Support Staff

Retiree may elect to remain on the District's group medical plan provided they self-pay the full amount (100%) of the premiums.

c. Employees covered by benefit terms

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments		14	
Active employees		128	
		142	

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

d. Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2016, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	3.0 percent
Salary increases:	Ranges from 0.2 percent to 5.8 percent
Discount rate:	3.00 percent
Healthcare cost trend rates:	1.00 percent in the first year, followed by 7.00 percent and 6.50 percent in years 2 and 3, then decreasing by .10 percent per year down to 5.0 percent and level thereafter

Mortality rates are the same as those used in the December 31, 2014 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30 2016.

Discount rate. The discount rate used to measure the total OPEB liability was 3.00% percent which approximates the municipal bond rate.

e. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2015	<u>\$ 1,259,150</u>
Changes for the year:	
Service cost	71,252
Interest	36,633
Benefit payments	<u>(147,335)</u>
Net changes	<u>(39,450)</u>
Balance at June 30, 2016	<u><u>\$ 1,219,700</u></u>

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Total OPEB Liability	\$ 1,283,203	\$ 1,219,700	\$ 1,159,638

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (0.0, 6.0 and 5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (2.0, 8.0 and 7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease (0.0%, 6.0% and 5.5% decreasing to 4.0%)	Current Rates (1.0%, 7.0% and 6.5% decreasing to 5.0%)	1% Increase (2.0%, 8.0% and 7.5% decreasing to 6.0%)
Total OPEB liability	\$ 1,133,665	\$ 1,219,700	\$ 1,319,627

f. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$107,884. At June 30, 2017, the District reported deferred outflows of resources of \$103,457 related to OPEB resulting from amounts paid by the District as benefits subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in subsequent years.

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.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

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.

6. Upcoming Accounting Pronouncements

In January, 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

7. Subsequent Event

On September 14, 2017, the District issued \$3,560,000 General Obligation Refunding Bonds, Series 2017A to refund the March 1, 2025 maturity of the District's General Obligation Refunding Bonds, dated June 4, 2014 (Series 2014 Bonds). The Series 2017A Bonds bear interest at an annual rate of 2.50% and mature on March 1, 2025.

The crossover refinancing was undertaken to achieve debt service savings. Bond proceeds of \$3,684,934 were deposited with the Escrow Agent to pay interest on the Series 2017A Bonds through March 1, 2019 and redeem the Series 2014 Bonds on the anticipated call date of March 1, 2019 at a price of par plus accrued interest. The District will be responsible for all interest payments of the Series 2017A Bonds after March 1, 2019.

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 6,969,544	\$ 6,969,544	\$ 6,969,544	\$ -
Other local sources	322,500	322,500	355,482	32,982
Interdistrict sources	864,328	864,328	820,092	(44,236)
Intermediate sources	4,383	4,383	4,383	-
State sources	5,638,326	5,638,326	5,644,283	5,957
Federal sources	175,701	175,701	196,585	20,884
Other sources	53,000	53,000	49,893	(3,107)
Total Revenues	14,027,782	14,027,782	14,040,262	12,480
Expenditures				
Instruction				
Regular instruction	4,648,608	4,648,608	4,550,863	97,745
Vocational instruction	1,067,231	1,067,231	1,053,288	13,943
Other instruction	872,403	872,403	837,048	35,355
Total Instruction	6,588,242	6,588,242	6,441,199	147,043
Support Services				
Pupil services	649,572	649,572	644,238	5,334
Instructional staff services	687,425	687,425	768,788	(81,363)
General administration services	387,501	387,501	379,133	8,368
School administration services	572,643	572,643	513,643	59,000
Business services	330,290	330,290	333,365	(3,075)
Operation and maintenance of plant	1,694,027	1,694,027	1,927,253	(233,226)
Pupil transportation	472,350	472,350	457,469	14,881
Central services	466,930	466,930	463,694	3,236
Insurance	145,529	145,529	139,705	5,824
Other support services	112,678	112,678	106,254	6,424
Total Support Services	5,518,945	5,518,945	5,733,542	(214,597)
Debt Service				
Principal of debt	18,540	18,540	18,540	-
Interest and fiscal charges	2,100	2,100	2,100	-
Total Debt Service	20,640	20,640	20,640	-
Non-program				
General tuition payments	623,591	623,591	694,220	(70,629)
Other non-program transactions	5,000	5,000	3,223	1,777
Total non-program	628,591	628,591	697,443	(68,852)
Total Expenditures	12,756,418	12,756,418	12,892,824	(136,406)
Excess of Revenues Over Expenditures	1,271,364	1,271,364	1,147,438	(123,926)
Other Financing Sources (Uses)				
Sale of capital assets	488,000	488,000	1,110,114	622,114
Transfers out	(1,746,981)	(1,746,981)	(1,604,792)	142,189
Total Other Financing Sources (Uses)	(1,258,981)	(1,258,981)	(494,678)	764,303
Net Change in Fund Balance	12,383	12,383	652,760	640,377
Fund Balance - Beginning of Year	4,288,432	4,288,432	4,288,432	-
Fund Balance - End of Year	\$ 4,300,815	\$ 4,300,815	\$ 4,941,192	\$ 640,377

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interdistrict sources	\$ 25,000	\$ 25,000	\$ 28,755	\$ 3,755
Intermediate sources	68,000	68,000	86,698	18,698
State sources	540,000	540,000	575,993	35,993
Federal sources	178,825	178,825	148,488	(30,337)
Total Revenues	811,825	811,825	839,934	28,109
Expenditures				
Instruction				
Special education instruction	1,777,112	1,777,112	1,693,929	83,183
Support services				
Pupil services	242,057	242,057	255,652	(13,595)
Instructional staff services	103,252	103,252	116,560	(13,308)
Operation and maintenance of plant	-	-	723	(723)
Pupil transportation	256,150	256,150	206,079	50,071
Insurance and judgements	1,000	1,000	2,098	(1,098)
Central services	5,000	5,000	3,543	1,457
Total Support Services	607,459	607,459	584,655	22,804
Non-program				
Special education tuition	88,735	88,735	68,407	20,328
Other non-program transactions	85,500	85,500	97,735	(12,235)
Total non-program	174,235	174,235	166,142	8,093
Total Expenditures	2,558,806	2,558,806	2,444,726	114,080
Excess of Revenues Under Expenditures	(1,746,981)	(1,746,981)	(1,604,792)	142,189
Other Financing Sources				
Transfers in	1,746,981	1,746,981	1,604,792	(142,189)
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 Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years

	2017
Total OPEB Liability	
Service cost	\$ 71,252
Interest	36,633
Benefit payments	(147,335)
	(39,450)
Net change in total OPEB liability	(39,450)
Total OPEB liability - beginning	1,259,150
Total OPEB liability - ending	\$ 1,219,700
 Covered-employee payroll	\$ 6,094,419
 Total OPEB liability as a percentage of covered-employee payroll	 20.01%

* The amounts presented for each fiscal year were determined as of the prior fiscal year end.
Amounts for prior years were not available.

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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/15	0.05295540%	\$ (1,300,730)	\$ 7,267,174	17.90%	102.74%
6/30/16	0.05314649%	863,620	7,703,273	11.21%	98.20%
6/30/17	0.05465590%	450,495	8,145,634	5.53%	99.12%

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
6/30/15	\$ 509,402	\$ 509,402	\$ -	\$ 7,267,174	7.01%
6/30/16	523,823	523,823	-	7,703,273	6.80%
6/30/17	551,742	551,742	-	8,145,634	6.77%

See Notes to Required Supplementary Information.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

NOTE A – OTHER POST-EMPLOYMENT BENEFITS

The District implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2017. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. Statement 75. There were no changes in benefit terms or assumptions during the measurement period.

The valuation and measurement dates are June 30, 2016; therefore, the amounts reported were based on the OPEB transactions which occurred during the prior fiscal year. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE B - WISCONSIN RETIREMENT SYSTEM

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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, 2017

NOTE D - BUDGETARY INFORMATION (Continued)

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2017.

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)	\$ 14,040,262	\$ 839,934
Reclassification of special education	839,934	(839,934)
Total Revenues	<u>14,880,196</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	12,892,824	2,444,726
Reclassification of special education	2,444,726	(2,444,726)
Total Expenditures	<u>15,337,550</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	1,147,438	(1,604,792)
Reclassification of special education	(1,604,792)	1,604,792
Excess of Revenues Over (Under) Expenditures	<u>(457,354)</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(494,678)	1,604,792
Reclassification of special education	1,604,792	(1,604,792)
Total Other Financing Sources (Uses)	<u>1,110,114</u>	<u>-</u>
Net Change in Fund Balance		
Actual amounts (budgetary basis)	<u>652,760</u>	<u>-</u>
Fund Balance - July 1		
Actual amounts (budgetary basis)	<u>4,288,432</u>	<u>1,604,792</u>
Fund Balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 4,941,192</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Combining Balance Sheet -

Nonmajor Governmental Funds

June 30, 2017

(With summarized financial information as of June 30, 2016)

	Special Revenue Funds			Total Nonmajor Governmental Funds	
	Special Revenue Trust	Food Service	Community Service	2017	2016
ASSETS					
Cash and investments	\$ 880	\$ 69,593	\$ 153,285	\$ 223,758	\$ 265,394
Receivables					
Taxes	-	-	-	-	99,000
Accounts	-	-	90	90	90
Due from other governments	-	40,883	-	40,883	-
TOTAL ASSETS	\$ 880	\$ 110,476	\$ 153,375	\$ 264,731	\$ 364,484
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 438
Accrued payroll liabilities	-	-	1,272	1,272	-
Total liabilities	-	-	1,272	1,272	438
Fund Balances					
Restricted					
Food service programs	-	110,476	-	110,476	104,711
Community programs	-	-	152,103	152,103	107,580
Capital expansion	-	-	-	-	150,875
Assigned - private donations and gifts	880	-	-	880	880
Total Fund Balances	880	110,476	152,103	263,459	364,046
TOTAL LIABILITIES AND FUND BALANCES	\$ 880	\$ 110,476	\$ 153,375	\$ 264,731	\$ 364,484

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, 2017

(With summarized financial information for the year ended June 30, 2016)

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds	
	Special Revenue Trust	Food Service	Community Service	Capital Projects Fund	2017	2016
Revenues						
Property taxes	\$ -	\$ -	\$ 99,000	\$ -	\$ 99,000	\$ 99,000
Other local sources	-	466,733	55,819	621	523,173	485,191
Interdistrict sources	-	223,672	-	-	223,672	235,900
Federal sources	-	7,435	-	-	7,435	8,169
Total Revenues	-	697,840	154,819	621	853,280	828,260
Expenditures						
Support Services						
School administration services	-	-	33,251	-	33,251	29,444
Operation and maintenance of plant	-	42,187	-	-	42,187	745,218
Food service	-	649,888	-	-	649,888	637,814
Central services	-	-	-	-	-	458
Total Support Services	-	692,075	33,251	-	725,326	1,412,934
Community services	-	-	77,045	-	77,045	69,024
Total Expenditures	-	692,075	110,296	-	802,371	1,481,958
Excess revenues over (under) expenditures	-	5,765	44,523	621	50,909	(653,698)
Other Financing Uses						
Transfers out	-	-	-	(151,496)	(151,496)	-
Net Change in Fund Balances	-	5,765	44,523	(150,875)	(100,587)	(653,698)
Fund Balances - Beginning of Year	880	104,711	107,580	150,875	364,046	1,017,744
Fund Balances - End of Year	\$ 880	\$ 110,476	\$ 152,103	\$ -	\$ 263,459	\$ 364,046

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Changes in Assets and Liabilities -
Pupil Activity Funds
For the Year Ended June 30, 2017

	Balance 7/1/16	Additions	Deletions	Balance 6/30/17
ASSETS				
Cash and investments	\$ 116,181	\$ 445,223	\$ 443,746	\$ 117,658
LIABILITIES				
Accounts payable	\$ 6,296	\$ 117,626	\$ 109,885	\$ 14,037
Due to student organizations	109,885	49,105	55,369	103,621
TOTAL LIABILITIES	<u>\$ 116,181</u>	<u>\$ 166,731</u>	<u>\$ 165,254</u>	<u>\$ 117,658</u>

**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, 2017, 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 November 30, 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 audit results as item 2017-001 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
November 30, 2017

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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

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

Report on Compliance for Each State Program with Required Procedures

We have audited the Wilmot Union High School District, Wilmot, Wisconsin (the "District")'s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's state programs with required procedures for the year ended June 30, 2017. The District's state programs that have required procedures are identified in the accompanying summary of audit results.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each State Program

In our opinion, the District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its state programs with required procedures for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. 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.

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
November 30, 2017

WILMOT UNION HIGH SCHOOL
Wilmot, Wisconsin
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 7/1/2016	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2017		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
<i>Child Nutrition Cluster</i>								
Special Milk Program for Children	10.556	WI DPI	2017-306545-SMP-548	\$ -	\$ 7,435	\$ -	\$ 7,435	\$ -
<u>U.S. DEPARTMENT OF EDUCATION</u>								
<i>Title I Grants to Local Educational Agencies</i>								
	84.010	WI DPI	2017-306545-Title I -141	(95,127)	95,834	102,393	103,100	-
<i>Special Education Cluster</i>								
Special Education Grants to States	84.027							
IDEA Flow Through Entitlement		WI DPI	2017-306545-IDEA-341	(95,378)	149,803	81,300	135,725	-
High Cost Special Education Aid		WI DPI	2017-306545-IDEA-342	-	12,764	-	12,764	-
Total Special Education Grants to States and <i>Special Education Cluster</i>				(95,378)	162,567	81,300	148,489	-
Improving Teacher Quality State Grants	84.367	WI DPI	2017-306545-Title II-365	(7,406)	7,406	20,200	20,200	-
Total U.S. Department of Education				(197,911)	265,807	203,893	271,789	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	44202800	(515)	73,799	-	73,284	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ (198,426)	\$ 347,041	\$ 203,893	\$ 352,508	\$ -

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

WILMOT UNION HIGH SCHOOL
Wilmot, Wisconsin
Schedule of State Financial Assistance
For the Year Ended June 30, 2017

Grantor Agency/State Program Title	State I.D. Number	Pass-through Agency	State Identifying Number	Revenues			Total Expenditures	Subrecipient Payments
				(Accrued) Deferred Revenue 7/1/2016	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2017		
DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	306545-100	\$ -	\$ 530,484	\$ -	\$ 530,484	\$ -
Special Education and School Age Parents	255.101	Westosha Central High School	N/A	-	-	28,755	28,755	-
Special Education and School Age Parents	255.101	CESA #2	N/A	-	86,698	-	86,698	-
Total Special Education and School Age Parents				-	617,182	28,755	645,937	-
Common School Fund Library Aid	255.103	Direct Program	306545-104	-	51,962	-	51,962	-
General Transportation Aid	255.107	Direct Program	306545-102	-	36,829	-	36,829	-
Equalization Aids	255.201	Direct Program	306545-116	(92,250)	5,257,575	89,652	5,254,977	-
High Cost Special Education Aid	255.210	Direct Program	306545-119	-	44,415	-	44,415	-
Educator Effective Evaluation System	255.940	Direct Program	306545-154	(6,800)	13,680	-	6,880	-
Per Pupil Aid	255.945	Direct Program	306545-113	(165,150)	438,400	-	273,250	-
Career and Technical Education Incentive Grants	255.950	Direct Program	306545-152	-	14,097	-	14,097	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	306545-168	-	1,094	-	1,094	-
Total Department of Public Instruction				(264,200)	6,475,234	118,407	6,329,441	-
TOTAL STATE PROGRAMS				\$ (264,200)	\$ 6,475,234	\$ 118,407	\$ 6,329,441	\$ -

Reconciliation to Financial Statements

State sources	\$ 6,220,276
Less: State sources not considered state financial assistance	
Tax-exempt computer aid	(2,629)
Payment in lieu of taxes and other revenues	(3,659)
Interdistrict sources	28,755
Intermediate sources	86,698
Total State Financial Assistance	<u>\$ 6,329,441</u>

The notes to the schedule of state financial assistance are an integral part of this schedule.

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, 2017

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 2016-2017 eligible costs under the State Special Education Program as reported by the District are \$2,085,650.

NOTE C - OVERSIGHT AGENCY

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

NOTE D - INDIRECT COSTS

The District has not elected to charge a de minimis indirect rate of 10% of modified total direct costs.

NOTE E - PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS – Wisconsin Department of Health Services
WI DPI – Wisconsin Department of Public Instruction

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Summary of Audit Results
For the Year Ended June 30, 2017

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

State ID. Number	Name of State Programs
255.101	Special Education and Handicapped School Age Parents General Aids
255.201	Equalization Aids

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Summary of Audit Results (Continued)
For the Year Ended June 30, 2017

Section II - Financial Statement Findings

Finding No.	Internal Control Deficiencies
2017-001	<p>Preparation of Annual Financial Report</p> <p>Repeat of Finding 2015-001</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Section III - State Financial Assistance Findings and Questioned Costs

None Reported

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Summary of Audit Results (Continued)
For the Year Ended June 30, 2017

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*:

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 November 30, 2017

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2017

Status of Prior Year Audit Findings

The findings noted in the 2016 Summary of Audit Results have been reported to the proper state agencies. The current status of the prior year audit findings, as provided by management, follows:

Finding No.	Prior Year Audit Finding
-------------	--------------------------

2015-001 Preparation of Annual Financial Report

Management continues to rely upon the audit firm to prepare its financial statements. The finding is repeated 2017-001.

Corrective Action Plan

2017-001 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