

Wilmot Union High School District  
Wilmot, Wisconsin

**ANNUAL FINANCIAL REPORT**

June 30, 2018

# Wilmot Union High School District

## Wilmot, Wisconsin

JUNE 30, 2018

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# Wilmot Union High School District

## Wilmot, Wisconsin

**JUNE 30, 2018**

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## Independent auditors' report

To the Board of Education  
Wilmot Union High School  
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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 35 through 38 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of expenditures of state awards are presented for purposes of additional analysis, as required by the *Wisconsin Public School District Audit Manual*, and are also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedules of expenditures of federal and state awards 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 2017 financial statements, and our report dated November 30, 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, 2017, 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 28, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 28, 2018

## BASIC FINANCIAL STATEMENTS

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# Wilmot Union High School District

## Wilmot, Wisconsin

### STATEMENT OF NET POSITION

JUNE 30, 2018

WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2017

	Governmental Activities	
	2018	2017
<b>ASSETS</b>		
Cash and investments	\$ 8,152,202	\$ 4,516,626
Receivables		
Taxes	3,602,208	3,921,301
Accounts	36,150	36,911
Due from other governments	315,847	365,812
Prepaid items	9,948	-
Net pension asset	1,663,451	-
Assets held for resale	18,350	14,387
Capital assets		
Nondepreciable	710,000	710,000
Depreciable	35,579,528	36,592,826
Total assets	50,087,684	46,157,863
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on advance refunding	1,048,347	1,238,955
Pension related amounts	2,804,638	3,244,976
Other postemployment related amounts	131,618	103,457
Total deferred outflows of resources	3,984,603	4,587,388
<b>LIABILITIES</b>		
Accounts payable	250,514	284,391
Accrued and other current liabilities	154,848	150,805
Accrued interest payable	293,500	238,400
Due to other governments	-	118,423
Long-term obligations		
Due in one year	7,304,118	3,601,654
Due in more than one year	23,159,479	26,725,875
Other postemployment benefits liability	1,139,423	1,219,700
Net pension liability	-	450,495
Total liabilities	32,301,882	32,789,743
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related amounts	3,306,637	1,429,079
Other postemployment related amounts	27,481	-
Total deferred inflows of resources	3,334,118	1,429,079
<b>NET POSITION</b>		
Net investment in capital assets	10,494,278	8,690,007
Restricted	3,111,155	3,120,946
Unrestricted	4,830,854	4,715,476
Total net position	\$ 18,436,287	\$ 16,526,429

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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 8,240,555	\$ 1,119,645	\$ 959,077	\$ -
Support services	7,698,558	876,003	95,203	-
Community services	72,131	38,536	-	-
Non-program	893,315	-	-	-
Interest and fiscal charges	934,823	-	-	-
Depreciation - unallocated	1,090,273	-	-	-
<b>Total governmental activities</b>	<u>\$ 18,929,655</u>	<u>\$ 2,034,184</u>	<u>\$ 1,054,280</u>	<u>\$ -</u>
General revenues				
Property taxes				
Other taxes				
State and federal aids not restricted to specific functions				
Interest and investment earnings				
Gain on disposal of capital assets				
Miscellaneous				
Total general revenues				
<b>Change in net position</b>				
<b>Net position - July 1</b>				
<b>Net position - June 30</b>				

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

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**Net (Expense) Revenue  
and Changes in Net Position**

**Governmental Activities**

**2018**

**2017**

\$ (6,161,833)	\$ (6,541,152)
(6,727,352)	(6,241,568)
(33,595)	(22,784)
(893,315)	(863,585)
(934,823)	(929,904)
<u>(1,090,273)</u>	<u>(1,091,816)</u>
<u>(15,841,191)</u>	<u>(15,690,809)</u>
12,169,231	12,169,231
31,442	23,889
5,433,415	5,533,391
58,135	16,644
2,100	484,357
<u>56,726</u>	<u>51,693</u>
<u>17,751,049</u>	<u>18,279,205</u>
1,909,858	2,588,396
<u>16,526,429</u>	<u>13,938,033</u>
<u>\$ 18,436,287</u>	<u>\$ 16,526,429</u>

# Wilmot Union High School District

## Wilmot, Wisconsin

### BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017

	General	Non-Referendum Debt Service	Referendum Debt Service	Capital Expansion
<b>ASSETS</b>				
Cash and investments	\$ 2,980,024	\$ 3,795,659	\$ -	\$ 1,259,982
Receivables				
Taxes	1,716,755	89,000	1,795,453	1,000
Accounts	36,060	-	-	-
Due from other funds	86,125	-	-	-
Due from other governments	262,788	-	-	-
Prepaid items	9,948	-	-	-
Assets held for resale	18,350	-	-	-
	<u>\$ 5,110,050</u>	<u>\$ 3,884,659</u>	<u>\$ 1,795,453</u>	<u>\$ 1,260,982</u>
Total assets				
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 250,514	\$ -	\$ -	\$ -
Accrued and other current liabilities	154,848	-	-	-
Due to other funds	-	-	86,125	-
Due to other governments	-	-	-	-
	<u>405,362</u>	<u>-</u>	<u>86,125</u>	<u>-</u>
Total liabilities				
Fund balances				
Nonspendable	28,298	-	-	-
Restricted	-	3,884,659	1,709,328	1,260,982
Assigned	-	-	-	-
Unassigned	4,676,390	-	-	-
	<u>4,704,688</u>	<u>3,884,659</u>	<u>1,709,328</u>	<u>1,260,982</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 5,110,050</u>	<u>\$ 3,884,659</u>	<u>\$ 1,795,453</u>	<u>\$ 1,260,982</u>

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

Other Governmental Funds	Totals	
	2018	2017
\$ 116,537	\$ 8,152,202	\$ 4,516,626
-	3,602,208	3,921,301
90	36,150	36,911
-	86,125	-
53,059	315,847	365,812
-	9,948	-
-	18,350	14,387
<u>\$ 169,686</u>	<u>\$ 12,220,830</u>	<u>\$ 8,855,037</u>
\$ -	\$ 250,514	\$ 284,391
-	154,848	150,805
-	86,125	-
-	-	118,423
-	491,487	553,619
-	28,298	14,387
169,686	7,024,655	3,359,346
-	-	880
-	4,676,390	4,926,805
<u>169,686</u>	<u>11,729,343</u>	<u>8,301,418</u>
<u>\$ 169,686</u>	<u>\$ 12,220,830</u>	<u>\$ 8,855,037</u>

# Wilmot Union High School District

## Wilmot, Wisconsin

### BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2018

#### WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>		
Total fund balances as shown on previous page	\$ 11,729,343	\$ 8,301,418
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	36,289,528	37,302,826
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Loss on advance refunding	1,048,347	1,238,955
Deferred outflows related to pensions	2,804,638	3,244,976
Deferred inflows related to pensions	(3,306,637)	(1,429,079)
Deferred outflows related to other postemployment benefits	131,618	103,457
Deferred inflows related to other postemployment benefits	(27,481)	-
Long-term asset are not considered available; therefore, are not reported in the funds:		
Net pension asset	1,663,451	-
Long-term liabilities are not due and payable in the current period; therefore, are not reported in the funds:		
Bonds and notes payable	(29,790,000)	(29,735,000)
Capital leases	(20,120)	(39,434)
Premium on debt	(653,477)	(553,095)
Other postemployment benefits liability	(1,139,423)	(1,219,700)
Net pension liability	-	(450,495)
Accrued interest on long-term obligations	(293,500)	(238,400)
Net position of governmental activities as reported on the statement of net position (see page 4)	<u>\$ 18,436,287</u>	<u>\$ 16,526,429</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, 2018**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017**

	General	Non-Referendum Debt Service	Referendum Debt Service	Capital Expansion
<b>REVENUES</b>				
Property taxes	\$ 7,796,229	\$ 89,000	\$ 4,283,002	\$ 1,000
Other local sources	488,158	125	8,132	10,038
Interdistrict sources	928,560	-	-	-
Intermediate sources	17,742	-	-	-
State sources	6,105,866	-	-	-
Federal sources	348,756	-	-	-
Other sources	46,102	-	-	-
<b>Total revenues</b>	<b>15,731,413</b>	<b>89,125</b>	<b>4,291,134</b>	<b>11,038</b>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Regular instruction	4,559,893	-	-	-
Vocational instruction	1,130,729	-	-	-
Special education instruction	1,670,956	-	-	-
Other instruction	829,034	-	-	-
<b>Total instruction</b>	<b>8,190,612</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Support services</b>				
Pupil services	927,116	-	-	-
Instructional staff services	1,149,685	-	-	-
General administration services	376,719	-	-	-
School administration services	594,140	-	-	-
Business services	355,998	-	-	-
Operations and maintenance of plant	2,109,098	-	-	100,688
Pupil transportation services	690,819	-	-	-
Food services	-	-	-	-
Central services	408,772	-	-	-
Insurance	141,599	-	-	-
Other support services	112,384	-	-	-
<b>Total support services</b>	<b>6,866,330</b>	<b>-</b>	<b>-</b>	<b>100,688</b>
<b>Debt service</b>				
Principal	19,314	-	3,505,000	-
Interest and fiscal charges	1,326	188,784	597,449	-
<b>Total debt service</b>	<b>20,640</b>	<b>188,784</b>	<b>4,102,449</b>	<b>-</b>
Community service	-	-	-	-
<b>Non-program</b>				
General tuition payments	810,151	-	-	-
Co-curricular cooperative program	25,278	-	-	-
Special education tuition payments	56,931	-	-	-
Adjustments and refunds	75	-	-	-
Revenue transits to others	-	-	-	-
<b>Total non-program</b>	<b>892,435</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>15,970,017</b>	<b>188,784</b>	<b>4,102,449</b>	<b>100,688</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(238,604)</b>	<b>(99,659)</b>	<b>188,685</b>	<b>(89,650)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	3,560,000	-	-
Premium on debt issued	-	198,826	-	-
Proceeds from sale of capital assets	2,100	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,100</b>	<b>3,758,826</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(236,504)</b>	<b>3,659,167</b>	<b>188,685</b>	<b>(89,650)</b>
<b>Fund balances - July 1</b>	<b>4,941,192</b>	<b>225,492</b>	<b>1,520,643</b>	<b>1,350,632</b>
<b>Fund balances - June 30</b>	<b>\$ 4,704,688</b>	<b>\$ 3,884,659</b>	<b>\$ 1,709,328</b>	<b>\$ 1,260,982</b>

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

Other Governmental Funds	Totals	
	2018	2017
\$ -	\$ 12,169,231	\$ 12,169,231
473,410	979,863	885,156
235,918	1,164,478	1,072,519
-	17,742	91,081
-	6,105,866	6,220,276
5,375	354,131	352,508
-	46,102	49,893
<u>714,703</u>	<u>20,837,413</u>	<u>20,840,664</u>
-	4,559,893	4,550,863
-	1,130,729	1,053,288
-	1,670,956	1,693,929
-	829,034	837,048
<u>-</u>	<u>8,190,612</u>	<u>8,135,128</u>
-	927,116	899,890
-	1,149,685	885,348
2,420	379,139	379,133
35,805	629,945	546,894
-	355,998	333,365
43,737	2,253,523	1,970,163
-	690,819	649,888
653,606	653,606	663,548
-	408,772	467,237
-	141,599	141,803
-	112,384	106,254
<u>735,568</u>	<u>7,702,586</u>	<u>7,043,523</u>
-	3,524,314	3,648,540
-	787,559	866,336
-	4,311,873	4,514,876
<u>72,028</u>	<u>72,028</u>	<u>77,045</u>
-	810,151	686,278
-	25,278	7,942
-	56,931	68,407
880	955	27
-	-	100,931
<u>880</u>	<u>893,315</u>	<u>863,585</u>
<u>808,476</u>	<u>21,170,414</u>	<u>20,634,157</u>
<u>(93,773)</u>	<u>(333,001)</u>	<u>206,507</u>
-	3,560,000	-
-	198,826	-
-	2,100	1,110,114
-	-	151,496
-	-	(151,496)
<u>-</u>	<u>3,760,926</u>	<u>1,110,114</u>
(93,773)	3,427,925	1,316,621
<u>263,459</u>	<u>8,301,418</u>	<u>6,984,797</u>
<u>\$ 169,686</u>	<u>\$ 11,729,343</u>	<u>\$ 8,301,418</u>

# Wilmot Union High School District

## Wilmot, Wisconsin

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

	2018	2017
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net change in fund balances as shown on previous page	\$ 3,427,925	\$ 1,316,621
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 assets reported as capital outlay in the governmental fund statements	76,975	81,201
Depreciation expense reported in the statement of activities	(1,090,273)	(1,091,816)
Net book value of disposals	-	(688,812)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(3,560,000)	-
Premium on debt issued	(198,826)	-
Principal repaid	3,505,000	3,630,000
Capital leases paid	19,314	18,540
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(55,100)	49,700
Amortization of premiums, discounts and loss on advance refunding	(92,164)	(113,268)
Net pension asset	1,663,451	-
Net pension liability	450,495	413,125
Deferred outflows of resources related to pensions	(440,338)	(1,410,863)
Deferred inflows of resources related to pensions	(1,877,558)	388,395
Other postemployment benefits	80,277	39,450
Deferred outflows of resources related to other postemployment benefits	28,161	(43,877)
Deferred inflows of resources related to other postemployment benefits	(27,481)	-
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	\$ 1,909,858	\$ 2,588,396

*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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017

	Private Benefit Trust	Agency Pupil Activity	Totals	
			2018	2017
<b>ASSETS</b>				
Cash and investments	\$ 152,597	\$ 138,019	\$ 290,616	\$ 274,106
Accounts receivable	348	-	348	-
Total assets	<u>152,945</u>	<u>138,019</u>	<u>290,964</u>	<u>274,106</u>
<b>LIABILITIES</b>				
Due to student organizations	-	138,019	138,019	117,658
<b>NET POSITION</b>				
Restricted	<u>\$ 152,945</u>	<u>\$ -</u>	<u>\$ 152,945</u>	<u>\$ 156,448</u>

*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  
PRIVATE BENEFIT TRUST FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2018</u>	<u>2017</u>
<b>ADDITIONS</b>		
Other local sources	\$ 8,397	\$ 8,349
<b>DEDUCTIONS</b>		
Trust fund disbursements	11,900	12,998
<b>Change in net position</b>	(3,503)	(4,649)
<b>Net position - July 1</b>	156,448	161,097
<b>Net position - June 30</b>	<u>\$ 152,945</u>	<u>\$ 156,448</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, 2018

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#### NOTE 1: 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:

##### A. REPORTING ENTITY

The District is organized as a unified school district. The District, governed by an elected seven member board, operates grades 9 through 12 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 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 in GASB Statement No. 61.

##### B. GOVERNMENT-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*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The District has no business-type activities.

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. 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 primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

##### Debt Service Funds

These funds account 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 repayment of debt approved by school board resolution.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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#### Capital Expansion Fund

This fund accounts for the acquisition or construction of major capital facilities (other than those financed by trust funds).

Additionally, the District 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 and parent organizations in an *agency fund*.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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#### D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

##### 1. 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 at the measurement date.

##### 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 20<sup>th</sup> 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. Accounts Receivable

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

##### 4. 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.

##### 5. Prepaid Items

Payments made to vendors that will benefit 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.

##### 6. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in 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 a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

# Wilmot Union High School District

## Wilmot, Wisconsin

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Assets	Governmental Activities Years
Land improvements	20-50
Buildings and improvements	20-50
Machinery and equipment	5-20
Vehicles	5

**7. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

**8. 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 expensed as incurred.

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.

**9. 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.

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

Qualifying teachers and administrators are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the District. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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#### 11. Fund Equity

##### *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 to 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 is 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.

#### E. USE OF ESTIMATES

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

#### F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and 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, 2017, from which the summarized information was derived.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

#### G. 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 2: DETAILED NOTES ON ALL FUNDS

##### A. CASH AND INVESTMENTS

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the agency fund uses 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 \$8,442,818 on June 30, 2018 as summarized below:

Deposits with financial institutions	\$	587,337
Investments		
Repurchase agreement		99,016
Wisconsin Local Government Investment Pool		4,014,566
Money market mutual funds		28,446
U.S. Treasury securities		3,713,453
	\$	<u>8,442,818</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position		
Cash and investments	\$	8,152,202
Fiduciary fund statement of net position		
Private-benefit trust fund		152,597
Agency fund		138,019
	\$	<u>8,442,818</u>

##### 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, 2018:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Money market mutual funds	\$ 28,446	\$ -	\$ -
U.S. Treasury securities	-	3,713,453	-
	<u>\$ 28,446</u>	<u>\$ 3,713,453</u>	<u>\$ -</u>



# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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

#### 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 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 all time and savings deposits and \$250,000 for 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 the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. 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. This coverage has been considered in determining custodial credit risk.

As of June 30, 2018, all of the District's deposits with financial institutions were covered by federal and state depository insurance limits. The District also has an agreement with one of its financial institutions where a third-party trust company holds collateral available to the District.

On June 30, 2018, the District held repurchase agreement investments of \$99,016 of which the underlying securities are held by the investment's counterparty, not in the name of the District.

#### 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 investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Money market mutual funds	\$ 28,446	\$ -	\$ -	\$ -	\$ 28,446
U.S. Treasury securities	3,713,453	3,713,453	-	-	-
Wisconsin Local Government Investment Pool	4,014,566	-	-	-	4,014,566
Totals	<u>\$ 7,756,465</u>	<u>\$ 3,713,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,043,012</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.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

#### 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
Money market mutual funds	\$ 28,446	\$ 28,446	\$ -	\$ -	\$ -
U.S. Treasury securities	3,713,453	3,656,488	-	-	56,965
Repurchase agreement	99,016	99,016	-	-	-
Wisconsin Local Government Investment Pool	4,014,566	4,014,566	-	-	-
<b>Totals</b>	<b>\$ 7,855,481</b>	<b>\$ 7,798,516</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,965</b>

#### Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool ("LGIP") of \$4,014,566 at year-end. The 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, 2018, 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, 2018

#### B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 710,000	\$ -	\$ -	\$ 710,000
Capital assets, depreciable:				
Land improvements	91,033	-	-	91,033
Buildings and improvements	53,867,257	-	-	53,867,257
Machinery and equipment	1,856,685	40,402	-	1,897,087
Vehicles	175,065	36,573	-	211,638
Subtotals	<u>55,990,040</u>	<u>76,975</u>	<u>-</u>	<u>56,067,015</u>
Less accumulated depreciation for:				
Land improvements	90,378	655	-	91,033
Buildings and improvements	17,899,414	965,265	-	18,864,679
Machinery and equipment	1,298,825	103,136	-	1,401,961
Vehicles	108,597	21,217	-	129,814
Subtotals	<u>19,397,214</u>	<u>1,090,273</u>	<u>-</u>	<u>20,487,487</u>
Total capital assets, depreciable, net	<u>36,592,826</u>	<u>(1,013,298)</u>	<u>-</u>	<u>35,579,528</u>
Governmental activities capital assets, net	<u>\$ 37,302,826</u>	<u>\$ (1,013,298)</u>	<u>\$ -</u>	36,289,528
Less: Capital related debt				26,190,120
Less: Debt premium				653,477
Add: Loss on advance refunding				<u>1,048,347</u>
Net investment in capital assets				<u>\$ 10,494,278</u>

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

#### C. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2018 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficit		
Governmental funds		
General	\$ 86,125	\$ -
Referendum debt service	<u>-</u>	<u>86,125</u>
Totals	<u>\$ 86,125</u>	<u>\$ 86,125</u>

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

#### D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation debt					
Bonds	\$ 29,735,000	\$ 3,560,000	\$ 3,505,000	\$ 29,790,000	\$ 7,180,000
Debt premium	553,095	198,826	98,444	653,477	103,998
Capital leases	39,434	-	19,314	20,120	20,120
Governmental activities					
Long-term obligations	<u>\$ 30,327,529</u>	<u>\$ 3,758,826</u>	<u>\$ 3,622,758</u>	<u>\$ 30,463,597</u>	<u>\$ 7,304,118</u>

Total interest paid during the year on long-term debt totaled \$715,099.

#### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/18</u>
General obligation refunding bonds	06/04/14	03/01/19	3.25%	\$ 3,620,000	\$ 3,620,000
Taxable general obligation refunding bonds	09/15/15	03/01/24	1.35 - 3.02%	28,215,000	22,610,000
General obligation refunding bonds	09/14/17	03/01/25	2.50%	3,560,000	3,560,000
Total outstanding general obligation debt					<u>\$ 29,790,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$29,790,000 on June 30, 2018 are detailed below:

Year Ended June 30,	Governmental Activities					
			Escrow Agent		District	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 7,180,000	\$ 798,068	\$ 3,620,000	\$ 137,703	\$ 3,560,000	\$ 660,365
2020	3,630,000	576,832	-	-	3,630,000	576,832
2021	3,705,000	502,417	-	-	3,705,000	502,417
2022	3,795,000	419,054	-	-	3,795,000	419,054
2023	3,900,000	320,384	-	-	3,900,000	320,384
2024 - 2025	7,580,000	299,404	-	-	7,580,000	299,404
	<u>\$ 29,790,000</u>	<u>\$ 2,916,159</u>	<u>\$ 3,620,000</u>	<u>\$ 137,703</u>	<u>\$ 26,170,000</u>	<u>\$ 2,778,456</u>

The District deposited proceeds from the 2017 bonds with an escrow agent to retire debt service maturities during the year ended June 30, 2019, as summarized above. The District's portion of the principal and interest maturities total \$28,948,456, as summarized above.

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

#### Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2018 was \$188,480,667 as follows:

Equalized valuation of the District		\$ 2,130,755,047
Statutory limitation percentage		<u>(x) 10%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		213,075,505
Total outstanding general obligation debt applicable to debt limitation	\$ 29,790,000	
Less: Amounts available for financing general obligation debt		
Debt service fund <sup>(1)</sup>	<u>5,195,162</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>24,594,838</u>
Legal margin for new debt		<u><u>\$ 188,480,667</u></u>

<sup>(1)</sup> Less interest due in 2018, less related escrow funds

#### Advance Refunding

During September of 2017, the District advance refunded principal maturities on the General Obligation Refunding Bonds, Series 2014 due in 2025 for \$3,620,000. The District issued \$3,560,000 General Obligation Refunding Bonds, Series 2017A to provide resources to purchase U.S. Government and Local Government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments on the 2014 General Obligation Refunding Bonds, Series 2014. Until the crossover date, both General Obligation Refunding Bonds, Series 2014 and General Obligation Refunding Bonds, Series 2017A are reported as liabilities of the District while the resources available in the irrevocable trust are reported as restricted fund balance of the District. This advance refunding was undertaken to reduce total debt service payments over the next 7 years by \$231,900 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$211,676.

#### Capital Lease

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at June 30, 2018:

Year Ending	Governmental Activities
2019	\$ 20,640
Less: Amount representing interest	<u>520</u>
Present value of future minimum lease payments	<u><u>\$ 20,120</u></u>

#### E. PENSION PLAN

##### WRS Pension 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>.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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 executive service retirement plan participants if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service. 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 annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

#### ***Post-Retirement Adjustments***

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	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)
2017	2	4

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

#### **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 ending December 31, 2017, the WRS recognized \$565,964 in contributions from the District.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At June 30, 2018, the District reported an asset of \$1,663,451 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.05602508%, which was an increase of 0.00136918% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$722,500.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,113,455	\$ 988,604
Net differences between projected and actual earnings on pension plan investments	-	2,286,259
Changes in assumptions	328,665	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,603	31,774
Employer contributions subsequent to the measurement date	348,915	-
Total	<u>\$ 2,804,638</u>	<u>\$ 3,306,637</u>

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2018**

\$348,915 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 (asset) in the year ended June 30, 2019. 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,	Expense
2018	\$ 180,918
2019	(19,353)
2020	(579,066)
2021	(437,359)
2022	3,946
Total	<u>\$ (850,914)</u>

#### **Actuarial Assumptions**

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

Actuarial valuation date:	December 31, 2016
Measurement date of net pension liability (asset):	December 31, 2017
Actuarial cost method:	Entry Age
Asset valuation method:	Fair 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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:



# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

	<u>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<b>Core Fund Asset Class</b>			
Global equities	50%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8%	6.5%	3.6%
Private equity/debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
<b>Variable Fund Asset Class</b>			
U.S. equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total Variable Fund	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

**Single Discount Rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members 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 7.2 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:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$ 4,303,915	\$ (1,663,451)	\$ (6,198,834)

**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>.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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#### *Payable to the Pension Plan*

At June 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2018.

#### **F. OTHER POSTEMPLOYMENT BENEFITS**

##### **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. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

##### **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 Districts group medical plan provided they self-pay the full amount (100%) of the premiums.

##### **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

##### **Total OPEB Liability**

The District's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016.

**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:	3.00%
Salary increases:	Ranges from 0.2% to 5.8%
Discount rate:	3.50%
Healthcare cost trend rates:	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter.

Mortality rates are the same as those used in the December 2012 Wisconsin Retirement System's annual report.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

The actuarial assumptions used in the June 30, 2016 valuation were based on the "Wisconsin Retirement System 2012 - 2014 Experience Study".

The long-term expected rate of return on OPEB plan investments was valued at 3.5%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

#### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance at July 1, 2017	\$ 1,219,700
Changes for the year:	
Service cost	71,251
Interest	35,314
Changes of assumptions or other input	(30,535)
Benefit payments	(156,307)
Net changes	(80,277)
Balance at June 30, 2018	\$ 1,139,423

**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 (2.5%) or 1-percentage-point higher (4.5%) than the current rate:

	<b>1% Decrease to Discount Rate (2.5%)</b>	<b>Current Discount Rate (3.5%)</b>	<b>1% Increase to Discount Rate (4.5%)</b>
Total OPEB liability	\$ 1,201,378	\$ 1,139,423	\$ 1,081,025

**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 (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	<b>1% Decrease (6.5% decreasing to 4.0%)</b>	<b>Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)</b>	<b>1% Increase (8.5% decreasing to 6.0%)</b>
Total OPEB liability	\$ 1,045,277	\$ 1,139,423	\$ 1,249,131

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$103,512. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	\$ 27,481
District contributions subsequent to the measurement date	131,618	-
Total	<u>\$ 131,618</u>	<u>\$ 27,481</u>

\$131,618 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018, and reported in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2019	\$ (3,054)
2020	(3,054)
2021	(3,054)
2022	(3,054)
2023	(3,054)
Thereafter	(12,211)
Total	<u>\$ (27,481)</u>

#### Payable to the OPEB Plan

At June 30, 2018, the District reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended June 30, 2018.

#### G. FUND EQUITY

##### Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2018, nonspendable fund balance was as follows:

	<u>General</u>
Nonspendable	
Prepaid items	\$ 9,948
Assets held for resale	18,350
Total nonspendable fund balance	<u>\$ 28,298</u>

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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#### Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2018, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Food service program	\$ 86,214
Community service programs	<u>83,472</u>
Total Special Revenue Funds	<u>169,686</u>
Debt Service Funds	
Restricted for	
Debt service	<u>5,593,987</u>
Capital Projects Fund	
Restricted for	
Capital expansion	<u>1,260,982</u>
Total restricted fund balance	<u>\$ 7,024,655</u>

#### Minimum General Fund Balance Policy

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

Actual 2017-2018 General Fund (fund 10 and 27) operating expenditures	\$ 15,970,017
Minimum fund balance %	(x) 18%
Minimum fund balance amount	<u>\$ 2,874,603</u>

The District's unassigned General Fund balance of \$4,676,390 is above the minimum fund balance amount.

#### Restricted Fiduciary Fund Net Position

In the fund financial statements, portions of fiduciary fund net position are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2018, restricted fiduciary fund net position was as follows:

Fiduciary Fund	
Restricted for	
Scholarships	<u>\$ 152,945</u>

#### Net Position

The District reports restricted net position at June 30, 2018 as follows:

Governmental activities	
Restricted for	
Food service program	\$ 86,214
Debt service	1,680,487
Capital expansion	1,260,982
Community service programs	<u>83,472</u>
Total governmental activities restricted net position	<u>\$ 3,111,155</u>

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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#### NOTE 3: OTHER INFORMATION

##### A. 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.

##### B. CONTINGENCIES

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.

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.

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

##### D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued 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 December 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 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.

## REQUIRED SUPPLEMENTARY INFORMATION

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# Wilmot Union High School District

## Wilmot, Wisconsin

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 7,796,229	\$ 7,796,229	\$ 7,796,229	\$ -
Other local sources	362,000	362,000	488,158	126,158
Interdistrict sources	950,265	950,265	927,562	(22,703)
Intermediate sources	-	-	5,572	5,572
State sources	5,545,232	5,545,232	5,558,378	13,146
Federal sources	197,929	197,929	164,851	(33,078)
Other sources	60,000	60,000	46,102	(13,898)
<b>Total revenues</b>	<b>14,911,655</b>	<b>14,911,655</b>	<b>14,986,852</b>	<b>75,197</b>
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	4,577,841	4,577,841	4,559,893	17,948
Vocational instruction	1,120,005	1,120,005	1,130,729	(10,724)
Other instruction	844,770	844,770	829,034	15,736
<b>Total instruction</b>	<b>6,542,616</b>	<b>6,542,616</b>	<b>6,519,656</b>	<b>22,960</b>
Support services				
Pupil services	655,549	655,549	668,264	(12,715)
Instructional staff services	940,256	940,256	954,316	(14,060)
General administration services	406,060	406,060	376,719	29,341
School administration services	540,514	540,514	594,140	(53,626)
Business services	347,051	347,051	355,998	(8,947)
Operations and maintenance of plant	1,903,876	1,903,876	2,109,052	(205,176)
Pupil transportation services	471,026	471,026	460,031	10,995
Central services	404,024	404,024	405,887	(1,863)
Insurance	152,783	152,783	141,599	11,184
Other support services	78,721	78,721	112,384	(33,663)
<b>Total support services</b>	<b>5,899,860</b>	<b>5,899,860</b>	<b>6,178,390</b>	<b>(278,530)</b>
Debt service				
Principal	19,314	19,314	19,314	-
Interest and fiscal charges	1,326	1,326	1,326	-
<b>Total debt service</b>	<b>20,640</b>	<b>20,640</b>	<b>20,640</b>	<b>-</b>
Non-program				
General tuition payments	731,656	731,656	810,151	(78,495)
Co-curricular cooperative program	8,000	8,000	25,278	(17,278)
Adjustments and refunds	-	-	75	(75)
Revenue transits to others	3,000	3,000	-	3,000
<b>Total non-program</b>	<b>742,656</b>	<b>742,656</b>	<b>835,504</b>	<b>(92,848)</b>
<b>Total expenditures</b>	<b>13,205,772</b>	<b>13,205,772</b>	<b>13,554,190</b>	<b>(348,418)</b>
Excess of revenues over expenditures	1,705,883	1,705,883	1,432,662	(273,221)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	2,100	2,100
Transfers out	(1,705,883)	(1,705,883)	(1,671,266)	34,617
<b>Total other financing sources (uses)</b>	<b>(1,705,883)</b>	<b>(1,705,883)</b>	<b>(1,669,166)</b>	<b>36,717</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(236,504)</b>	<b>(236,504)</b>
<b>Fund balance - July 1</b>	<b>4,941,192</b>	<b>4,941,192</b>	<b>4,941,192</b>	<b>-</b>
<b>Fund balance - June 30</b>	<b>\$ 4,941,192</b>	<b>\$ 4,941,192</b>	<b>\$ 4,704,688</b>	<b>\$ (236,504)</b>

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, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interdistrict sources	\$ -	\$ -	\$ 998	\$ 998
Intermediate sources	15,000	15,000	12,170	(2,830)
State sources	567,000	567,000	547,488	(19,512)
Federal sources	191,556	191,556	183,905	(7,651)
Total revenues	<u>773,556</u>	<u>773,556</u>	<u>744,561</u>	<u>(28,995)</u>
<b>EXPENDITURES</b>				
Instruction				
Special education instruction	1,745,377	1,745,377	1,670,956	74,421
Support services				
Pupil services	258,631	258,631	258,852	(221)
Instructional staff services	190,628	190,628	195,369	(4,741)
Operations and maintenance of plant	750	750	46	704
Pupil transportation services	210,600	210,600	230,788	(20,188)
Central services	1,900	1,900	2,885	(985)
Total support services	<u>662,509</u>	<u>662,509</u>	<u>687,940</u>	<u>(25,431)</u>
Non-program				
Special education tuition payments	71,553	71,553	56,931	14,622
Total expenditures	<u>2,479,439</u>	<u>2,479,439</u>	<u>2,415,827</u>	<u>63,612</u>
Excess of revenues under expenditures	<u>(1,705,883)</u>	<u>(1,705,883)</u>	<u>(1,671,266)</u>	<u>34,617</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,705,883	1,705,883	1,671,266	(34,617)
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance - July 1</b>	-	-	-	-
<b>Fund balance - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 \*

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 71,251	\$ 71,252
Interest	35,314	36,633
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(30,535)	-
Benefit payments	<u>(156,307)</u>	<u>(147,335)</u>
Net change in total OPEB liability	(80,277)	(39,450)
Total OPEB liability - beginning	<u>1,219,700</u>	<u>1,259,150</u>
Total OPEB liability - ending	<u>\$ 1,139,423</u>	<u>\$ 1,219,700</u>
Covered-employee payroll	\$ 6,094,419	\$ 6,094,419
District's total OPEB liability as a percentage of covered-employee payroll	18.70%	20.01%

\* The amounts presented for each fiscal year were determined as of the current 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

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered-Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.05295540%	\$ (1,300,730)	\$ 7,267,174	17.90%	102.74%
12/31/15	0.05314649%	8,636,220	7,703,273	112.11%	98.20%
12/31/16	0.05465590%	450,495	8,145,634	5.53%	99.12%
12/31/17	0.05602508%	(1,663,451)	8,322,992	19.99%	102.93%

### SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
6/30/15	\$ 511,678	\$ 511,678	\$ -	\$ 7,439,943	6.88%
6/30/16	535,844	535,844	-	8,025,064	6.68%
6/30/17	547,405	547,405	-	8,144,633	6.72%
6/30/18	579,668	579,668	-	8,601,139	6.74%

See notes to required supplementary information.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

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#### A. OTHER POSTEMPLOYMENT BENEFITS

There were no changes of benefit terms.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end. 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.

#### B. WISCONSIN RETIREMENT SYSTEM

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

#### C. BUDGETS AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function 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 a committed or assigned fund balance in the fund financial statements.
- ▶ Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- ▶ The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2018.

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

#### Budgetary Information

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:

	<u>General</u>	<u>Special Education</u>
Revenues		
Actual amounts (budgetary basis)	\$ 14,986,852	\$ 744,561
Reclassification of special education	744,561	(744,561)
Total revenues	<u>15,731,413</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	13,554,190	2,415,827
Reclassification of special education	2,415,827	(2,415,827)
Total expenditures	<u>15,970,017</u>	<u>-</u>
Excess of revenues over (under) expenditures		
Actual amounts (budgetary basis)	1,432,662	(1,671,266)
Reclassification of special education	(1,671,266)	1,671,266
Excess of revenues over (under) expenditures	<u>(238,604)</u>	<u>-</u>
Other financing sources (uses)		
Actual amounts (budgetary basis)	(1,669,166)	1,671,266
Reclassification of special education	1,671,266	(1,671,266)
Total other financing sources (uses)	<u>2,100</u>	<u>-</u>
Net change in fund balance		
Actual amounts (budgetary basis)	(236,504)	-
Fund balance - July 1		
Actual amounts (budgetary basis)	<u>4,941,192</u>	<u>-</u>
Fund balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 4,704,688</u>	<u>\$ -</u>

## SUPPLEMENTARY INFORMATION

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# Wilmot Union High School District

## Wilmot, Wisconsin

### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2018

	Special Revenue		Total Nonmajor Governmental Funds
	Food Service	Community Service	
<b>ASSETS</b>			
Cash and investments	\$ 33,155	\$ 83,382	\$ 116,537
Receivables			
Accounts	-	90	90
Due from other governments	53,059	-	53,059
	<u>53,059</u>	<u>-</u>	<u>53,059</u>
Total assets	<u>\$ 86,214</u>	<u>\$ 83,472</u>	<u>\$ 169,686</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Fund balances			
Restricted	86,214	83,472	169,686
	<u>86,214</u>	<u>83,472</u>	<u>169,686</u>
Total liabilities and fund balances	<u>\$ 86,214</u>	<u>\$ 83,472</u>	<u>\$ 169,686</u>

# 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, 2018

	Special Revenue			Total Nonmajor Governmental Funds
	Trust	Food Service	Community Service	
<b>REVENUES</b>				
Other local sources	\$ 2,420	\$ 431,788	\$ 39,202	\$ 473,410
Interdistrict sources	-	235,918	-	235,918
Federal sources	-	5,375	-	5,375
Total revenues	2,420	673,081	39,202	714,703
<b>EXPENDITURES</b>				
Support services				
General administration services	2,420	-	-	2,420
School administration services	-	-	35,805	35,805
Operations and maintenance of plant	-	43,737	-	43,737
Food services	-	653,606	-	653,606
Total support services	2,420	697,343	35,805	735,568
Community service	-	-	72,028	72,028
Non-program				
Adjustments and refunds	880	-	-	880
Total expenditures	3,300	697,343	107,833	808,476
Net change in fund balances	(880)	(24,262)	(68,631)	(93,773)
Fund balances - July 1	880	110,476	152,103	263,459
Fund balances - June 30	\$ -	\$ 86,214	\$ 83,472	\$ 169,686



# Wilmot Union High School District

## Wilmot, Wisconsin

### SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES PUPIL ACTIVITY FUNDS FOR THE YEAR ENDED JUNE 30, 2018

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	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
<b>ASSETS</b>				
Cash	\$ 117,658	\$ 338,595	\$ 318,234	\$ 138,019
<b>LIABILITIES</b>				
Due to student organizations	<u>\$ 117,658</u>	<u>\$ 338,595</u>	<u>\$ 318,234</u>	<u>\$ 138,019</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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## 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, Wilmot, Wisconsin (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2018.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 certain deficiency in internal control, described in the accompanying summary of audit results as item 2018-001 that we consider to be a significant deficiency.

### **COMPLIANCE AND OTHER MATTERS**

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

**WILMOT UNION HIGH SCHOOL DISTRICT'S RESPONSE TO FINDING**

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



Certified Public Accountants

Green Bay, Wisconsin  
November 28, 2018

## FEDERAL AND STATE AWARDS

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## Independent auditors' report on compliance for each major state program and on internal control over compliance required by the Wisconsin Department of Public Instruction

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

### **REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM**

We have audited Wilmot Union High School District, Wilmot, Wisconsin ("District") compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The District's major state programs are identified in the accompanying summary of audit results.

#### **MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with the requirements of 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 major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of the Wisconsin Department of Public Instruction and the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### **OPINION ON EACH MAJOR STATE PROGRAM**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

  
Certified Public Accountants

Green Bay, Wisconsin  
November 28, 2018

Wilmot Union High School District  
Wilmot, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Grantor Agency/Federal Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/17</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/18</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
Child Nutrition Cluster								
Special Milk Program for Children	10.556	WI DPI	2018-306545-SMP-548	\$ -	\$ 5,375	\$ -	\$ 5,375	\$ -
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2018-306545-Title I-141	(102,393)	180,999	32,271	110,877	-
Special Education Cluster								
Special Education Grants to States	84.027	WI DPI	2018-306545-IDEA-341	(81,300)	221,616	43,589	183,905	-
Improving Teacher Quality State Grants	84.367	WI DPI	2018-306545-Title II-365	(20,200)	46,205	-	26,005	-
Total U.S. Department of Education				(203,893)	448,820	75,860	320,787	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
Medicaid Cluster								
Medical Assistance Program	93.778	WI DHS	44202800	-	27,969	-	27,969	-
<b>TOTAL FEDERAL AWARDS</b>				<u>\$ (203,893)</u>	<u>\$ 482,164</u>	<u>\$ 75,860</u>	<u>\$ 354,131</u>	<u>\$ -</u>

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



# Wilmot Union High School District

## Wilmot, Wisconsin

### SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2018

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Pass-Through Identifying Number	(Accrued) Deferred Revenue 7/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/18	Total Expenditures	Subrecipient Payments
<b>DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Special Education and School Age Parents	255.101	Direct Program	306545-100	\$ -	\$ 535,315	\$ -	\$ 535,315	\$ -
Special Education and School Age Parents	255.101	Westosha Central High School	N/A	(28,755)	28,755	998	998	-
Special Education and School Age Parents	255.101	CESA #2	N/A	-	11,670	-	11,670	-
Total Special Education and School Age Parents				(28,755)	575,740	998	547,983	-
Common School Fund Library Aid	255.103	Direct Program	306545-104	-	56,202	-	56,202	-
General Transportation Aid	255.107	Direct Program	306545-102	-	33,626	-	33,626	-
Equalization Aids	255.201	Direct Program	306545-116	(89,652)	4,950,868	84,182	4,945,398	-
High Cost Special Education Aid	255.210	Direct Program	306545-119	-	12,173	-	12,173	-
Per Pupil Aid	255.945	Direct Program	306545-113	-	485,100	-	485,100	-
Career and Technical Education Incentive Grants	255.950	Direct Program	306545-152	-	22,805	-	22,805	-
Total Department of Public Instruction				(118,407)	6,136,514	85,180	6,103,287	-
<b>TOTAL STATE AWARDS</b>				<u>\$ (118,407)</u>	<u>\$ 6,136,514</u>	<u>\$ 85,180</u>	<u>\$ 6,103,287</u>	<u>\$ -</u>
Reconciliation to the basic financial statements								
State sources							\$ 6,105,866	
Less: State sources not considered state financial assistance								
State tax computer aid							(2,668)	
Payment in lieu of taxes and other revenues							(12,579)	
State awards included in								
Interdistrict sources							998	
Intermediate sources							11,670	
Total expenditures of state awards							<u>\$ 6,103,287</u>	

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

# Wilmot Union High School District

## Wilmot, Wisconsin

### NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2018

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#### **NOTE 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards for the Wilmot Union High School District are presented in accordance with the requirements of the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

#### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2018 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

#### **NOTE 3: SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

The 2017 - 2018 eligible costs under the State Special Education Program as reported by the District are \$2,018,936. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

#### **NOTE 4: OVERSIGHT AGENCIES**

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

#### **NOTE 5: 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, 2018

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#### 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 AWARDS

Internal control over major state programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major state programs	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 major state programs:

<u>State I.D. Number</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aids

# Wilmot Union High School District

## Wilmot, Wisconsin

### SUMMARY OF AUDIT RESULTS FOR THE YEAR ENDED JUNE 30, 2018

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#### SECTION II: FINANCIAL STATEMENT FINDINGS

<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2018-001	<b>Preparation of Annual Financial Report</b> Repeat of Finding 2017-001
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 format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.
Cause:	District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

#### SECTION III: STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no audit findings and questioned costs required to be reported under the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction for the year ended June 30, 2018.

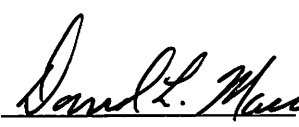
# Wilmot Union High School District

## Wilmot, Wisconsin

### SUMMARY OF AUDIT RESULTS FOR THE YEAR ENDED JUNE 30, 2018

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#### SECTION IV: OTHER ISSUES

- |   |   |
|---|---|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?  | No  |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>Wisconsin Public School District Audit Manual</i> :<br><br>Department of Health Services<br>Department of Public Instruction | No<br>No  |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?   | Yes   |
| 4. Name and signature of partner  | <br>David L. Maccoux, CPA |
| 5. Date of report   | November 28, 2018   |

# Wilmot Union High School

## Wilmot, Wisconsin

### SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2018

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#### PRIOR YEAR AUDIT FINDINGS

The findings noted in the 2017 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:

<u>Finding No.</u>	<u>Prior Year Audit Finding</u>
2017-001	<b>Preparation of Annual Financial Report</b>  Management continues to rely upon the audit firm to prepare its financial statements. The finding is repeated as 2018-001.

#### CORRECTIVE ACTION PLAN

<u>Finding No.</u>	<u>Corrective Action Plan</u>
2018-001	<b>Preparation of Annual Financial Report</b>  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 financial report prior to issuance.